THE

BANKER'S MAGAZINE

AND

Statistical Register.

"No expectation of forbearance or indulgence should be encouraged. Favor and benevolence are not the attributes of good banking. Strict justice and the rigid performance of contracts are its proper foundation."

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"Rightfully considered, no principle is more conservative than that which identifies the laborer with the capitalist."

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FROM

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THE

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AND

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THE NIAGARA CONVENTION OF BANKERS.

The annual Convention of the American Bankers' Association is announced for August 10th, and the two following days, at Niagara Falls, N. Y. For several years past this annual meeting of capitalists, bankers and bank officers has attracted increased attention, not only in the United States but abroad, as is shown by the demand for the documents and annual reports of the Association. Chicago was generally expected to have been chosen as the place of meeting this year, but as the attendance of delegates from the South and other sections is expected to be large Niagara is deemed a more suitable location, and the change seems to be generally approved. Secretary Sherman, last year, gave to the Association at Saratoga an extremely interesting account of the refunding of the public debt, and of the expedients adopted for organizing the great movements which are successfully continued, and which have been so conspicuously associated with his administration of the public Treasury. Secretary Windom, we hope, will take up the narrative of his distinguished predecessor, and give to the assembled bankers a sketch of the gratifying movements which he has carried on, and which, in a time of no small perplexity and embarrassment, he was fortunate enough to consummate with so much advantage to public and private credit. No announcement has yet been made of the speakers at the Convention, but we suppose that Mr. Windom will be upon the programme, and will deem it compatible with his sense of public duty to give a brief address on the refunding of the public debt. It would not only gratify the public,

but it would give the Secretary an opportunity of suggesting some timely hints and cautions, as well as of giving authentic information which would be of service to National interests of great magnitude and importance.

We may also mention the desire which has been expressed among the banking community that a Western statesman, formerly in Congress, and for many years a laborious member of the Committee on Ways and Means, Mr. Horatio Burchard, should, if possible, be induced to give an address on some topic of monetary interest. He has lately returned from San Francisco, and the members of the Association there and elsewhere have been accustomed to attach much importance to his elaborate documents and reports. In connection with the Pacific Coast and its vast interests, it has also been suggested that Mr. D. O. Mills, Mr. Lloyd Tevis, and other financial magnates of California should give a sketch of California banking, with its relations to the industrial, agricultural and economic progress of that rich section of the country. The interests of Texas, and of the Southwest are well represented in the Association, and Mr. Kopperl, or some of his colleagues, was expected, we believe, to make a report last year as to the resources, railroad progress, and productive capacity, present and prospective, of that important section. Mr. R. S. Willis, of the Texas Banking and Insurance Company, Mr. J. E. Beissner of the First National Bank of Galveston, and other members of the Association have also been suggested, and the indications seem to be that the interests of Southern and Southwestern banking and financial progress will claim special attention this year. Dr. Andrew Simonds of Charleston, General Echols of Virginia, Mr. R. M. Nelson, of Alabama, Mr. L. J. Hill of Georgia, with a number of other prominent Southern bank officers will be able to present the various aspects of these important questions so as to show the real state of the South, and to illustrate the solid and salutary progress that is developing with so much activity in several other directions as well as in agriculture, which has heretofore been too much the exclusive reliance of the people of certain Southern States.

The programme is, however, at present incomplete. When the announcements are officially made as to the topics and speakers, we shall know more precisely what course the discussions this year may be expected to take. From the circular of preliminary arrangements, which we print elsewhere, it will be seen that a number of important questions are to be brought forward, and that on subjects that cannot, for want of time, be discussed in formal speeches and addresses, statistical and historical reports will be received. This new feature of the Convention is an extremely important one, and we are glad to know that some of the papers from Europe and elsewhere on bank-

ing, clearing-house statistics, and other financial subjects, have already begun to be sent in. Mr. Edmund D. Randolph, the Secretary of the Association, and Mr. J. D. Vermilye, its first Vice-President, are preparing, it is said, some elaborate papers for this section of the work of the Convention. Next month we shall be able to state in detail the arrangements for the three days' sessions of the Convention. It has been suggested that as the social features of the Convention have always been prominent, and are expected to be more so this year, greater attention should be given to certain details as to the registering of the delegates. Bankers who have attended previous Conventions have sometimes complained that they received but little attention and recognition from the members of the Association. This complaint is susceptible of an easy remedy: If all the delegates will make a point of signing their names on the official register, the committee appointed for that purpose will no doubt be sufficiently large to make it quite certain that the facilities and courtesies of the Convention shall be promptly extended, and that every member shall receive a warm welcome. It is well known that this is the intention of the Executive Council, and in the efficient hands of the registrar and committee, it should be carried out this year more fully than at some previous meetings. Another suggestion has been as to the extortions practiced upon visitors to Niagara. We are assured that the proper means have been adopted to prevent these abuses during the Bankers' Convention, and that to the points of interest low rates of admission have been specially adjusted so that the Suspension Bridge, Goat Island and Prospect Park may be visited during the whole of the Convention week at the price of a single admission. These and other announcements which have been given, show the diligence with which the preliminary arrangements are being carried on, and they should tend to enlarge the attendance and promote the efficiency of the Convention.

Eight thousand invitations have been issued, and many of the banks of Canada are expected this year to be represented. We believe that heretofore no Canadian banks or foreign bankers except those who have offices in New York, or in other cities of the United States, have been invited to participate in the proceedings of the Convention. If this is so, the exclusion should terminate at once, and all the Canadian banks and bankers throughout the Dominion should be invited to attend the sessions of the Niagara meeting. Few members of the Association have ever been able to understand why the banks of Canada have not been in previous years invited to membership in the Association. If the omission can be corrected this year the meeting at Niagara, within sight of the Canadian boundary line, will be a suitable one for the purpose, and a new and broader

policy can, with advantage, be considered and adopted for subsequent years.

Some of the newspaper correspondents in previous years have undertaken to estimate the amount of capital represented by various delegates at the Bank Conventions. One imaginative reporter averred that on two square yards of the veranda at the United States Hotel, Saratoga, he saw a little group worth 132 millions. Whatever may be said of the wealth or narrow means of the delegates personally, they are undoubtedly men who wield vast masses of capital, and whose broad views and heavy responsibilities make them as distinguished for their modest dignity as for their sagacity and power. The President of the Association, Mr. Alexander Mitchell of Milwaukee, with Mr. Geo. S. Coe of New York, Mr. L. J. Gage of Chicago, Mr. A. H. Pomeroy of Auburn, Mr. C. P. Williams of Albany, Mr. T. M. Thornton of Illinois, Mr. Joseph L. Stephens of Missouri, Mr. W. G. Deshler of Ohio and Mr. John Thompson and Comptroller Knox are mentioned among those who have had special invitations to address the Convention.

With regard to other speakers and their topics of discussion the circular before us offers a rich variety of suggestions from which the members who desire to address the Convention may choose. Every member has the right to send in an address, and one object of the Convention is to summarize the financial progress of the year, and to collect together the main features of the financial situation as they have already been realized in the past. But this is not all. The circular suggests other topics, such as "the future currency of this country, the perils and safeguards of the financial situation, the industrial growth of the West and South, the improvement of business since resumption, the causes of monetary panics, the influence of railroad and telegraphic facilities on commerce and banking, the dependence of the country upon the banks for the stability of business, for the decrease in the rates of interest, for the success of resumption, and for the saving effected by the refunding of the public debt." As to the reports and documents to which we have above referred, they are to be "presented on various topics, among which are the recent absorption of currency, the International Monetary Conference, the rise and prospects of the through trade between the West and Europe; the influence of sound banking upon credits; the financial conditions which promote the prosperity and productive powers of the nation." These and kindred questions are present to the mind of every thoughtful citizen who has money to invest, and the numbers of our army of small capitalists and investors are swiftly multiplying. Hence the daily newspapers will probably give complete reports of the Convention of Bankers at Niagara.

THE NEXT FINANCIAL PANIC.

The question has of late been often asked whether the present speculative era is not likely to end in a financial crisis, and whether the anticipated crash is so probable as to justify sound business men in recognizing it as one of the elements of their calculations for the near future. Several reasons are offered for the theory that a panic is approaching. First; it is nearly eight years since the panic of 1873, and economic science has laid down the axiom that once in eight or ten years a panic supervenes to agitate the financial world. But panics, like comets, are somewhat erratic, and predictions as to the advent of either often fail. It has been well said that a panic which is predicted seldom comes, and if guarded against it is never seen. Secondly; the prophets of evil point to the inflation of prices and to the active speculation which is so conspicuous at the Stock Exchange and elsewhere. But they may be reminded that the same process is going on in other countries as well as ours, and it remains to be seen how substantial and solid are the foundations and the superstructure of that vast fabric of wealth which modern civilization is erecting around us on this continent. The laws by which the wealth of modern nations grows and multiplies itself are but imperfectly understood. Who shall tell us to what an extent our skill, machinery, capital and productive power are able to vitalize the latent wealth stored up in our rich country, so as to make it impart a new value to our railroads, telegraphs and labor-saving machinery, which is estimated as possessing a wealth-creative energy equal to that of one thousand millions of men. Whether this estimate is correct or not, we do not profess to know. We could simply suggest that, with a rapidity and force never known before, this country is growing in all the elements of public riches and private wealth, and that we ought not to be surprised if a part of the capital represented by these augmenting values is being embodied and represented in those railroad and corporate securities, whose recent improvement in value and rise in price has provoked so much criticism and alarm. Far be it from us to say that there is no danger in the financial situation. There must be much potential danger. A swift express train cannot be driven at the rate of 60 miles an hour without more danger than is incident to the less ambitious movements of an old stage coach. But it is obviously absurd to predict disaster for the modern train of cars merely because it moves rapidly. The question is whether the conditions of safety are present, and with what skill and effect they are being made available.

This brings us to the practical solution of the question before us, or at least points out in what direction we are to seek it. If the United States is growing more rapidly in wealth than any other nation in modern times, and if, as a necessary consequence, the quotations for our Government securities, railroad shares or corporate bonds and stocks have received an impulse upwards which has seldom been paralleled, who shall affirm that we are on the verge of disaster till he knows whether our financial system is moving in its new orbit with safety, and whether we are making available to it all the conditions of safety which are adeqate to the exigencies of the times? Every banker and capitalist knows that one of the best safeguards against panic is to sustain the credit and the price of our securities by their wide diffusion, their distribution among a multitude of purchasers, living, if possible, in various countries, or remote from each other. Mr. Hudson, the railway king, as he was called in England some years ago, was one of the first of the financial magnates of this century who contrived to recognize and apply this great principle to railroad building and general finance. His experience was made available by Louis Napoleon, who was a needy but ambitious adventurer in London, when Hudson started the new era of popular railroad investments nearly forty years ago. The great French loans of 1852 astonished, by their success among the numerous frugal small investors of France, all the financial princes who ruled the European money markets. not one of whom would lend a *sou* on such security as the new Empire and its chief had to offer them. This powerful principle of wide distribution has only of late begun to be applied to American securities. It is well known that in London American government and other bonds and shares are becoming popular, and that in all the chief Bourses of Continental Europe they are gradually winning confidence and attracting large amounts of capital. If this new movement is checked so that European capital refuses to flow into our securities, it might produce a panic, or at least work mischief. Hence, it is the part of wisdom for us to consider by what methods we may avoid injury to our credit in Europe, and may foster and stimulate the desire of foreign capitalists to invest their money here. What other expedients are proper to enable us to ward off the approach of any financial crisis, such as has been predicted in the early future, we may consider hereafter. Enough has been said to show that the expansion of prices and the rapid movement of our financial system, along the new path opened up by the scientific discoveries and mechanical improvements of the age in which we live, need not, of necessity, lead to the certain panic and immediate disaster apprehended by many persons, but that our progress may be so regulated as to be safe and

prosperous. Doubtless we shall have panics in the future as in the past, but with the new experience and power with which modern finance is armed, its operations may be so wisely directed as to make the prevention of panics more feasible now than ever before.

IMMIGRATION AND NATIONAL WEALTH.

Many estimates have been published at various times of the increase of our National wealth and productive power by immigration. Some authorities have fixed the value of the average immigrant as high as one thousand dollars, while according to others three hundred and fifty dollars is a more accurate estimate. If we assume five hundred dollars as the probable average contribution of each of the immigrants who have entered our ports during the last ten years, we shall not, perhaps, greatly err from the truth; although there is little doubt that a very superior class of foreign mechanics, small farmers and skilled laborers are now found amongst the multitudes who disembark from the European steamers in such increasing numbers. We have just received from Washington a statement showing the number of immigrants during the eleven months ended May 31, 1881. To these figures we add a comparative statement of the official figures for previous years. On the estimate given above the increase of the National wealth from this source alone amounts to nearly 1,500 millions during the last ten years. If we assume the higher estimate, as some eminent economists insists should be done, the increase of our National wealth must be set down at 2,800 millions; and it has been suggested that in either case the annual interest on this vast addition to our National resources is far more than the yearly charges upon our National debt; so that, in fact, the burdens imposed upon the country by the public debt are fully met by these results of immigration. It may be objected, however, that much of the value assumed above to be active and efficient lies dormant, or but partially available during the earlier years of an immigrant's career in this country. Still, the suggestion is not unworthy of attention, and it may, at least, be of use if it should impart renewed energy to the various expedients which have been suggested or adopted to facilitate the process of developing our new population into efficient, productive laborers, with as little delay and loss as possible. Subjoined are the statistics which show the yearly influx from various countries since the panic of 1873, when the activity of the immigration movement was temporarily diminished below the level of previous years.

ANNUAL IMMIGRATON INTO THE UNITED STATES.

Year ending 30th June.	1881.	1880.	1879.	1878.	1877.	1876.	1875.	1874.	1873.
Germany...........	175,306	84,638	34,602	29,313	29,298	31,937	47,769	87,291	149,671
England and Wales.	57,861	60,627	24,726	18,648	19,442	24,697	40,579	51,570	75,641
Ireland.............	61,796	71,603	20,013	15,932	14,569	19,575	37,957	53,707	77,344
Scotland	12,628	12,640	5,225	3,502	4,135	4,582	7,310	10,429	13,841
China..............	7,443	5,839	9,660	9,014	10,640	22,943	16,498	13,857	20,326
All other countries..	138,649	221,910	83,600	62,060	63,873	66,252	74,385	96,485	122,980
Total............	453,683	457,257	177,826	138,469	141,857	169,986	224,498	313,339	459,803

IS CURRENCY BEING ABSORBED?

Since the resumption of specie payments a large amount of coin and greenbacks have disappeared from the channels of circulation, and several questions have been agitating the public mind in regard to this movement of absorption. As to its causes, they are better understood now that they are losing their former activity, and as to the return of this currency to the banks, which has so long been predicted, there are some indications which can, perhaps, be better studied just now when the monetary channels are full, than in more busy seasons of the year, when there is a scarcity of currency at the financial centers in consequence of the demand in the interior to move the crops and conduct the growing business of the country. It has been often suggested that the statistics for May 6, just called for by the Comptroller of the currency, showing the condition of the National banks at their last quarterly statement, would be examined with special care for evidence as to these and other currency changes. The aggregates compare as follows with the returns of June 1879 and 1880:

STATISTICS OF THE NATIONAL BANKS, 1879–81.

LIABILITIES.	1881. *May* 6, 2,104 *banks.*	1880. *June* 11, 2,076 *banks.*	1879 *June* 14, 2,048 *banks.*
Capital stock paid in	$459,039,205 .	$455,909,565 .	$455,244,415
Surplus fund....................	124,405,926 .	118,102,014 .	114,321,375
Other undivided profits............	54,906,090 .	50,443,635 .	45,802,845
Nat'l bank notes outstanding....	309,737,193 .	318,088,562 .	307,328,695
State bank notes outstanding....	252,641 .	290,738 .	339,927
Dividends unpaid...................	2,617,134 .	1,330,179 .	1,309,059
Individual deposits..................	1,027,077,710 .	833,701,035 .	648,934,141
United States deposits.............	9,504,081 .	7,680,905 .	248,421,340
Deposits of U.S. disburs'g officers	3,371,512 .	3,026,757 .	3,682,320
Due to other National banks.....	191,250,091 .	171,462,131 .	137,360,091
Due to State banks and bankers.	80,700,506 .	67,938,795 .	50,403,064
Notes and bills re-discounted....	2,908,370 .	2,268,769 .	2,226,396
Bills payable.........................	4,493,544 .	5,250,192 .	4,510,876
Total liabilities....	$2,270,264,014 .	$2,035,493,280 .	$2,019,884,549

RESOURCES.	1881. *May* 6. 2,104 *banks.*	1880. *June* 11. 2,076 *banks.*	1879. *June* 14. 2,048 *banks.*
Loans and discounts	$1,089,412,901	$991,143,126	$835,875,012
Overdrafts	4,236,480	3,569,520	——
U. S. bonds to secure circulation	352,653,500	359,512,050	352,208,000
U. S. bonds to secure deposits	15,240,000	14,727,000	257,038,200
U. S. bonds on hand	44,116,500	28,604,800	62,180,300
Other stocks, bonds & mortgages	52,908,123	44,948,345	37,617,015
Due from approved reserve ag'ts	128,017,350	115,935,668	93,443,463
Due from other National banks	63,221,699	56,578,444	48,192,531
Due from State banks & bankers	16,938,734	13,861,582	11,258,520
Real estate, furniture & fixtures	47,791,348	47,979,244	47,796,108
Current expenses and taxes paid	6,096,109	6,778,829	6,913,430
Premiums paid	4,024,763	3,702,354	5,674,497
Checks and other cash items	11,826,603	9,980,179	10,209,982
Exchanges for Clearing House	196,633,558	122,390,409	83,152,359
Bills of other National banks	25,120,933	21,908,193	16,685,484
Fractional currency	386,950	387,226	446,217
Specie: Gold coin	65,002,542	43,622,509	
Silver coin	6,820,379	5,862,035	
Gold certificates	5,351,300	8,439,560	42,333,287
Silver certificates	1,260,340	495,400	
Gold Cl.-House certifs.	44,194,000	41,087,000	
Legal-tender notes	62,516,296	64,480,717	67,059,152
U. S. certif. of dep. legal-tenders	8,045,000	12,500,000	25,180,000
Five-per-cent. Redemption fund	15,572,501	15,920,010	16,620,986
Due from the U. S. Treasury	2,876,097	1,079,073	
Total resources	$2,270,264,014	$2,035,493,280	$2,019,884,549

It appears from these figures that the specie in the National banks has increased thirty-six millions during the last two years. Of legal-tender notes the banks hold $62,516,296 against $67,059,152, showing a loss of nearly six millions. There is a still greater loss in the greenback certificates, which have receded from $25,180,000 in June, 1879, to $12,500,000 in June, 1880, and $8,045,000 in 1881. In the redemption fund and Treasury notes there has been an increase from $16,620,986 in 1879 to $16,999,083 in 1880, and $18,448,598 at present. It is also worthy of note that *pari passu* with the depletion of the greenback reserves there has been a compensative accumulation of National bank notes, of which the amount has increased from $16,685,484 in 1879 to $21,908,193 in 1880, and $25,120,933 in 1881.

Equally important are the statistics of the deposits which have augmented at a rate never before recorded in the banking history of the United States or any other country. From 648 millions they have increased to 1,027 millions in two years. There has been a corresponding increase in the loans and discounts from 835 millions in 1879 to 1,089 millions in 1881. The capital of the banks and the outstanding aggregate of bank notes show less increase in consequence partly of the agitation in Congress, which has discouraged the increase of bank capital, though it has not greatly checked the salutary development of our banking system in other respects.

OUR RAILROAD PROGRESS AND ITS DANGERS.

The panic of 1873 is often ascribed to the excessive investment of floating capital and the consequent overstraining of our financial machinery, so that a crash was inevitable. A similar disaster has been predicted from the renewed activity of railroad building which has been developed during the last few years. Without assenting to the gloomy prognostications which have been freely uttered on this subject, it may be proper to put on record the facts and to deduce from them some of their most obvious lessons. A New York paper, the daily *Bulletin*, has compiled some statistics on this subject which show that a larger mileage of railroads has been constructed in the last year than in any previous year except 1871, when the great expansion of speculative railroad building was so conspicuously preparing disasters, and accumulating explosive elements for the great panic two years later.

To show the recent progress of railroads the *Bulletin* gives a statistical table showing that in the twelve months from March 30, 1880 to April 1, 1881, the number of miles actually constructed amounts to 6,113, the number of roads being 134. As to the number of miles projected it is reported at 14,277, the number of roads being 182. Thirty seven projected roads are capitalized to the amount of $68,635,000, the total mileage being 3,894. It follows that each mile of road is represented by an issue of about $17,625 of capital stock. The number of miles of road constructed in 1880 is reported at 6,241; in 1879 it was 4,721; in 1878, 2,687; in 1877, 2,281; in 1876, 2,712; in 1875, 1,713; in 1874, 2,105; in 1873, 4,107; in 1872, 5,878; in 1871, 7,379; in 1870, 6,070; in 1869, 4,615. It is thus seen that more miles were built in 1871 than in any other year. The whole system of railroads has grown up in this country within forty years. There were only twenty-three miles in operation in 1830; in 1831 seventy-two miles were constructed. The number of miles in operation in 1879 was 86,497, and in 1880 the aggregate was 92,738 miles.

The first question suggested by these facts is, as to the source from which has been derived the aggregate of moneyed capital required for so extensive an addition to our railroad network during the last year or two. Nearly two hundred millions of dollars have been thus invested, and a large part of the sum has been drawn from the savings of American investors. How much of it has been sent hither from Europe we cannot tell. The London *Economist* of June 11th, mentions the increasing power of our securi-

ties to attract capital in the European money markets. "In England, second-rate and even third-rate American securities are being absorbed" and "solid American securities are being taken by permanent investors." Any forecast of the effect of railroad construction upon the movements of our money market would be imperfect and illusory, if it left out of the account the prodigious increase of the area from which our railroad expansion now derives its supply of capital. An obvious result of the change is a corresponding enlargement of the area of pressure when the inevitable reaction comes and the critical period of incipient panic begins.

Secondly, we must concede that the power wielded by American syndicates in the money markets abroad and at home, with the ingenious and rapid organization of facilities for stock speculations and investments in populous, thriving cities and towns, have imparted amazing activity to the power of distributing securities, and enabling them to absorb and utilize the increasing masses of capital which are accumulating at a rate never witnessed before in all the large productive countries of Europe and of this Continent. It has been argued that the facilities for distributing stocks and bonds are a safeguard to our money market and a protection against panic from the excessive growth of speculation. Whether these facilities may not increase the magnitude of the disaster by deferring it may, perhaps, be doubted. We may, however, admit that the suggestions offered deserve investigation, and that the conditions of monetary equilibrium and ease in the loan market are much more complex than formerly, as well as more difficult of exploration by those who desire to predict their practical results for business purposes.

Another favorable element in the financial situation as compared with previous periods of speculative excitement and railroad expansion, has been pointed out in the relative cheapness of construction materials and the diminishing cost of railroad transportation. It is plain that the cost of building and maintaining a first-class railroad must be less when steel rails can be bought for $60 per ton, as at present, than when the price was $120.50 as in 1873, or $158.50 as in 1868. We can now put down steel rails at a lower price than prior to 1873 we could obtain the commonest iron rails. Other economies have been introduced which diminish the outlay for building and working our great system of railroad transportation. At the Bankers' Convention last year Mr. A. H. Pomeroy was to have read a paper on this subject, and on the connection between railroad progress and banking, financial and industrial growth. It is hoped that these important questions will not be overlooked this year. A suggestive discussion of some of them is presented by Mr. Edward Atkinson in the *Journal of the Agricultural Asso-*

ciation. He shows that on the New York Central Railroad the traffic has increased 289 per cent., while the charges have decreased sixty-seven per cent., and that on other lines of railroad similar economies have been made to the public. Whether, as Mr. Atkinson infers, the railroad controversy with the grangers is approaching an early and satisfactory solution, or whether railroad consolidation, as at present developing, is a loss rather than a benefit to the public, we cannot here inquire. It is enough for the present argument to show that the facts of our railroad progress are not so indicative of early monetary perturbation and panic as some financial prophets have imagined.

THE CURRENCY OF BRITISH INDIA.

Some interesting information on this subject was given to the members of the English Institute of Bankers at their third annual meeting, on the 18th of May, by Sir Richard Temple, who read a paper on "The General Monetary Practice among the Natives of India, with some estimate of the use and probable future of absorption of silver as coin; and an account of such practices amongst the natives as have a banking character, and lead up to the larger banking operations of the country." In the London *Bankers' Magazine* is a report of the address, which we follow in this article:

In the ancient coins of India, said Sir Richard Temple, we have an historical record of priceless value. They have rescued from oblivion many dynasties which would otherwise have been forgotten. Among the original Hindoos the coinage was in gold, because in Southern India they had the gold mines about which so much had been said. The Mohammedan rulers increased the circulation of silver and paid great attention to the coinage of copper. The regulations making money a "legal tender" were not introduced or understood by the ancient native States, though they are now growing familiar in connection with the new paper-money system of India. They had a concurrent standard of gold and silver, each metal being practically current to unlimited amounts. The East India Company put an end to the older Hindoo and Mohammedan currency, and instituted the rupee as the standard of value. In 1865, some years after the paper currency of India was introduced, various proposals were agitated for making gold the sole legal tender to an unlimited amount; but the recent tendency is again towards the ancient bi-metallism of the country. The British mints are reduced to two in the whole of British India. The possibility of political revolution has been always present to the minds of the peo-

ple, and consequently their coinage has been used partly for purposes of circulation and partly for hoarding. In some respects the want of a monetary currency has been met by a resort to the primitive system of barter among the natives. They have had also a medium of circulation represented by cowrie shells from the Bay of Bengal. Of these shells 3,200 are worth twenty-five cents and 266 pass for an English penny. The Government revenue amounts to £250,000,000, and the external commerce to £125,000,000. The value of the internal trade is probably much greater. With regard to the amount of silver coin at present in circulation it was estimated at £200,000,000, and £20,000,000 more was supposed to be hoarded by the people. India possessed at least £333,000,000 of silver and £122,000,000 of gold.

Sir R. Temple added, that if things remained quiet, India would absorb about £2,000,000 sterling of silver a year, but if war or famine should break out, there would be a sudden influx of silver amounting probably to £15,000,000. There were no deposit banks in India as we understand them. The native merchant or dealer seldom or never drew cheques, the confidence between man and man not being such as to develop public or private credit. But the native bankers did an enormous business in advancing money upon the security of real estate, the marketable value of such property having been virtually created by the British Government. Almost every cultivator of native produce borrowed money on the pledge of the standing crop from the village banker. There were no fewer than "three and a-half millions of adult males" engaged in commerce in British India and out of this number 118,000 were bankers proper, 110,000 money lenders and 21,000 money changers. This gave two bankers to every village or parish. The rates of interest on loans used to be from fifteen to twenty per cent., owing to the badness of the security; but at present, with good security, they ranged from six to twelve per cent. The native bankers had bills of exchange, whieh circulated from the Himalayas down to Ceylon. Such are the main parts of Sir R. Temple's address, and he urged the importance of improving in India the law of debtor and creditor, the extension of Savings banks, the permission of natives to subscribe small sums to the State loans and the establishment of life insurance.

Nothing was said in the address as to the details of the paper currency of British India. This part of the currency system of that country is of great importance. It was established by Mr. Wilson, an eminent English financier and statesman, about the same time as the greenback currency was first issued in the United States. The law creating the Indian paper currency was passed July 16, 1861, by the Government of India. It authorized the creation of a paper cur-

rency to be issued from a government department and redeemed by adequate central deposits of coin. Around these central deposits a number of districts were organized from time to time, and the notes were made legal tender within the district in which they were issued. They were payable at the place of issue, and also at the capital city of the presidency within which that place was situated. Under the provisions of further laws, the issue was regulated in seven descriptions of notes, namely, for 10,000 rupees, or $5,000; for 1,000 rupees, or $500; for 500 rupees, or $250; for 100 rupees, or $50; for fifty rupees, or $25; for twenty rupees, or $10; for ten rupees, or $5; and for five rupees, or $1.25. There are ten currency districts, the headquarters of which are at the cities of Calcutta, Allahabad, Lahore, Nagpore, Madras, Calicut, Cocanada, Bombay, Kurrachee and Akolah. The proportions of the several descriptions of notes are not published, but the aggregates of notes outstanding are officially reported as follows:

AGGREGATE NOTES IN CIRCULATION IN BRITISH INDIA.

March 31.			*March* 31.	
1862	$18,450,000	....	1871	$52,186,495
1863	24,630,000	....	1872	65,839,585
1864	26,750,000	....	1873	64,320,185
1865	37,136,635	....	1874	55,725,995
1866	34,492,405	....	1875	53,352,035
1867	40,454,340	....	1876	56,763,310
1868	45,347,845	....	1877	58,208,270
1869	49,796,480	....	1878	66,251,235
1870	52,364,415	....	1879	65,952,540

THE FREEDMAN'S SAVINGS BANK.

There is good evidence that under Comptroller Knox's management, the depositors of this defunct institution will soon receive another dividend, making a total payment of sixty cents on the dollar. The history of the bank is very suggestive. In the year 1865, at the close of the session, Mr. Sumner moved the incorporation of the "Freedman's Savings and Trust Company," for the benefit of the frugal negroes of the South. The project was opposed, and the objection was raised that Congress had no power under the Constitution to charter a Savings bank to do business outside of the District of Columbia. Hence, an amendment was added limiting its powers to the City of Washington. By the efforts of Mr. Sumner, who recommended it as a measure of philanthropy, the bill was rapidly passed through both Houses, but at some stage of its progress the important amendment was omitted. The words "in Washington City" did not appear in the bill, and the law went into operation as an act to incorporate the Freedman's Savings and Trust Company, with a much wider franchise than was ever before

granted to a Savings bank by Congress. Whether a similar grant of excessive powers will ever be repeated remains to be seen. The corporators named in the bill were among the most eminent in the United States, and for the protection of the depositors, the assets of this bank were to be invested in no other securities than "stocks, bonds, Treasury notes, or other securities of the United States." Chief Justice Chase and several other leading men were trustees, with power to assemble at Washington and to elect their successors. The chief office of the bank was at Washington, with thirty branches at various places in the Southern States. Such an organization was not authorized by the provisions of the charter, and it violated the statute regulations for Savings banks in some of the various States. These facts, however, were unknown to the freedmen, who easily believed that the Freedman's Savings Banks were not only created by the Federal authority but guaranteed by the National Government. Hence, thousands of frugal depositors eagerly availed themselves of the privilege of laying by their earnings under auspices so favorable. In April, 1870, an amendment to the charter was proposed, which provided that the trustees might invest in mortgage securities and might hold and improve the real estate owned by the bank in the City of Washington.

The reasons assigned were very plausible. It was contended that the rate of interest earned by the capital invested in Government bonds was so much reduced since the war that the poor freedmen did not receive as much interest as they were fairly entitled to. Another reason was that the Savings banks in New York, and in many other States, enjoyed the same freedom of investment that was demanded for the Freedman's Bank. The scheme was successful, and the amendment passed the House without debate. In the Senate some opposition was made, but the agitation among the colored citizens was such in favor of the change that the bill finally passed, and three years' exercise of the powers conferred by the new law were enough. The career of this prosperous institution ended in sudden and irretrievable disaster. Irregular transactions came to light, and after an abortive effort at reorganization the bank finally closed its doors, and it was noted at the time, with some surprise, that the whole sum invested in Government securities was reported at the close to be less than $500.

The nominal assets were $2,693,000. Of this sum a large proportion was deemed worthless on account of the insolvency of the debtors and the unsalable character of the securities held. The liabilities were $2,963,392.48, the depositors being 72,000 in thirteen States. The average of the deposits was $40, but there were over 5,000 deposits of less than one dollar, and in a single branch the average of 890

deposits was only ninety-two cents. By the Act of July, 1874, three commissioners were appointed, who had no adequate powers to wind up the affairs of the bank.

Depositors from Nashville, Lexington, Louisville, Richmond, and Charleston, and the Legislatures of North and South Carolina, memorialized Congress, praying it to take the assets and assume the liabilities, or afford some other adequate help to the depositors. The whole subject was referred to the House Committee of Banking and Currency. Judge Durham, of Kentucky, prepared the report for the committee, and a bill accompanied it. The Committee reported that, though it was inexpedient for the Government to assume all the assets, yet it might well aid the depositors by purchasing the building erected by the bank in Washington, a portion of which has for some years been leased by the Government, and by augmenting the powers of the commissioners. The affairs of the bank were to be wound up under the general charge of the Secretary of the Treasury, with power to the commissioners to commence suits against the trustees if there should be evidence of fraud. The bill passed the Senate, but it failed in the House, principally through the opposition of Mr. Rainey, the colored member from South Carolina, on the ground that it provided for the appointment of but one commissioner. With some salutary modifications the bill was again introduced last session, and became a law Feb. 1st, 1881. It confided the affairs of the Freedman's Bank to the Hon. John Jay Knox, the Comptroller of the Currency, who was appointed commissioner to close up its affairs. Mr. Knox filed his bond of $20,000 on March 7, and he has since that time disposed of real estate for cash amounting to $40,733.25, and the total receipts from all sources have been $59,364.20, $31,050 of which was invested in six-per-cent. bonds, which were continued into three and a-half per cents. He reports that three dividends have been paid since the failure of the bank; the first on claims amounting to $2,767,086 on November 1, 1875, of twenty per cent., and a second and third each of ten per cent. on March 20, 1878, and September 1, 1880. The amount due and unclaimed upon the first dividend is $39,248.24, and is payable to 31,967 depositors, or an average of about $1.20 to each depositor. The sum due and unclaimed upon the second dividend is $30,927.26, and is payable to 36,078 depositors, or an average of about eighty-five cents to each depositor; and the amount due and unclaimed upon the third dividend is $54,539.57, and is payable to 40,000 depositors, or an average of about $1.85 to each. The total amount of unclaimed dividends is $124,715.87, and the average amount due to each depositor is about $3.40. Of these dividends a large amount has been disbursed to 255 claimants since the Comptroller took possession of the assets. The original cost to

the bank for this handsome property, including the building, was $258,315.66. It is now occupied by the Attorney-General and the Court of Claims, and yields to the bank a rental of $20,000 a year. The estimated value of the property is $250,000, and it is supposed that the Government will be authorized to purchase the property either for the proposed new pension building or for some other purpose, during the next session of Congress.

A small amount of real estate is held in other cities, and is estimated to be worth $60,000. As soon as the bank propertv can be sold at the price at which it is held, another and final dividend is to be made to the creditors of about twenty per cent. When this is accomplished, the depositors of the institution will have had a total dividend of sixty per cent. upon their original deposits. As stated above, the total amount at the time of the failure due to the depositors was $2,963,392.48. When the Comptroller's annual report is presented to Congress it is hoped that he will complete the history by showing the aggregate expenses incurred in winding up the Freedman's Savings Bank, from its stoppage to the declaration of its final dividend.

THE SPANISH BANK OF THE ISLAND OF CUBA.

The Spanish Bank of the Island of Cuba, which was originally incorporated in 1856 for twenty-five years as the Spanish Bank of Havana, has lately been rechartered under the former name and with reformed statutes for another period of twenty-five years. It has been in operation under its new charter since April 9th. Its present capital is $8,000,000 and its reserve $550,567.36. Its capital was originally $3,000,000, increased to $4,000,000 in 1859, $5,000,000 in 1868, $6,000,000 in 1871 and $8,000,000 in 1872. It was originally divided, like the Bank of England, into an "Emission Department," and a "General Department." The former issued notes covered by one-third of their amount in specie, and two-thirds in notes discounted and other securities. A heavy run having in 1866 nearly depleted both departments of specie, this proportion was not afterwards observed, and in 1868 both departments were merged in one. Since that date its operations as the fiscal agent of the Cuban Government have far exceeded all its other operations, its advances to the Government having been in June, 1874, as high as $70,000,000. Of this amount $60,000,000, represented by inconvertible notes, issued on account of the Government, bore no interest. It has been of invaluable service to the

Government during the late troubles. At times the issue of inconvertible notes has been equal to four or five times the normal monetary circulation of the island, yet the highest average premium on gold during any half year has been 161½ per cent., at which rate bank notes would be worth thirty-eight cents on one dollar. This compares favorably with the results of a direct Government issue by the United States during the rebellion, and indicates that the union of private with public credit is of material service in maintaining the value of an inconvertible paper currency.

The Bank has been highly profitable to its stockholders. It has paid a dividend every half year since 1857. Its lowest semi-annual dividend was two and a-half per cent. in April, 1857, and its highest seventeen per cent. in December, 1872. During the three years, 1876–78 inclusive, it paid only four per cent. semi-annually, the lowest rate known for any three successive years. The aggregate of its dividends has been 346¾ per cent.

The Bank has five branches, located respectively at Matanzas, Cienfuegos, Cárdenas, Ságua la Grande and Santiago de Cuba. The branches receive deposits and demands for collection, and make discounts mostly for three months. The character and magnitude of their business may be seen to some extent by the following statement of their condition at or near December 31, 1880:

Branch.	*Cash.*	*Loans and Discounts.*	*Deposits and Acc'ts Current.*	*Total Liabilities.*
Matanzas	$979,582	$980,206	$1,788,317	$2,512,715
Cienfuegos	585,318	473,270	864,764	1,223,538
Cardenas	1,015,799	956,254	1,405,485	1,978,684
Ságua la Grande	440,539	503,752	365,699	944,291
Santiago de Cuba	639,626	211,468	608,360	876,151
	$3,660,864	$3,124,950	$5,032,625	$7,535,379

The total of specie in the branches was $2,502,800.87 in addition to $5,548,979.38 at the head office, making in all $8,051,780.25. The amount of gold in the deposit banks of Havana, November 30, 1880, was $14,332,000. This, added to the amount in the Spanish Bank and branches, gives $22,383,780.25, besides the amount in circulation estimated at $25,000,000 to $30,000,000. The specie in the island appears, therefore, to be about $33 per capita, a supply ample to furnish a sound metallic basis if the inconvertible notes issued on account of the Government can be called in.

Both at the head office and at the branches two classes of accounts are kept, one in gold and the other in Spanish Bank notes. The following tables, giving a summary of the condition of the Bank at the end of June and December each year, have been compiled with no small labor and care by Mr. Robert G. Merry, of Havana, and constitute an original and valuable contribution to the financial history of the island:

	Emission Department.			General Department.							
	Liabilities.	Assets.		Liabilities.			Assets.				
	Bank notes in circulation.	Specie.	Notes discounted and securities.	Capital.	Reserve fund.	Deposits and accounts current.	Specie.	Bank notes.	Current discounts.	Total of each side of the account.	Dividends. Per cent.
1856, October 11	—	—	—	$3,000,000	—	$1,872,896	$764,545	—	—	$4,939,531	4
1857, April 11	$1,500,000	$500,000	$1,000,000	3,000,000	$1,516	5,533,137	4,356,272	$39,850	$3,203,881	8,616,535	2½
" December 31	3,000,000	1,000,000	2,000,000	3,000,000	1,516	3,925,871	3,037,888	991,200	7,008,480	12,876,646	10
1858, June 30	3,000,000	1,000,000	2,000,000	3,000,000	134,311	7,386,863	5,720,954	119,350	5,509,549	12,827,949	5¼
" December 31	3,000,000	1,000,000	2,000,000	3,000,000	176,000	7,963,416	3,663,908	64,700	7,011,297	11,564,585	7
1859, June 30	3,000,000	1,000,000	2,000,000	3,000,000	270,848	7,912,293	2,856,376	57,000	7,718,109	11,622,847	8
" December 31	3,500,000	1,250,000	2,250,000	4,000,000	300,000	7,256,320	4,174,885	162,300	7,962,268	13,263,140	15¼
1860, June 30	4,000,000	1,333,333	2,666,667	4,000,000	400,000	7,395,988	3,098,443	148,050	7,424,498	12,222,874	8
" December 31	4,000,000	1,333,333	2,666,667	4,000,000	400,000	5,717,595	1,959,553	659,550	8,689,959	12,964,790	8
1861, June 28	4,300,000	1,433,333	2,866,667	4,000,000	400,000	6,190,961	5,512,943	178,650	6,634,911	13,885,627	4
" December 31	4,300,000	1,433,333	2,866,667	4,000,000	400,000	9,596,744	7,223,530	39,900	4,884,337	14,444,162	7¼
1862, June 30	4,300,000	1,433,333	2,866,667	4,000,000	400,000	10,375,616	7,487,158	55,350	5,095,165	15,101,877	5
" December 31	4,300,000	1,433,333	2,866,667	4,000,000	400,000	9,235,163	5,779,096	405,300	5,376,448	13,994,860	6
1863, June 30	4,300,000	1,433,333	2,866,667	4,000,000	400,000	8,864,003	5,542,447	467,300	4,884,714	13,577,679	6
" December 31	4,300,000	1,433,333	2,866,667	4,000,000	400,000	7,830,931	4,688,654	850,800	4,494,999	12,510,934	6
1864, June 30	4,300,000	1,433,333	2,866,667	4,000,000	400,000	8,465,762	5,536,634	571,250	4,509,371	13,302,363	5
" December 31	4,300,000	1,433,333	2,866,667	4,000,000	459,284	8,634,309	4,382,650	159,450	4,865,763	13,408,311	5
1865, June	4,300,000	1,433,333	4,866,667	4,000,000	400,000	9,363,325	5,519,878	78,650	4,965,546	14,535,357	7
" December	4,300,000	1,433,333	4,866,667	4,000,000	400,000	10,603,818	6,944,399	156,800	2,992,327	15,358,629	5½
1866, June	4,800,000	1,600,000	3,200,000	4,000,000	400,000	9,509,293	3,326,931	612,350	5,588,202	14,787,821	8
" December	4,995,000	1,009,000	3,986,000	4,000,000	400,000	3,641,514	75,686	521,175	2,769,668	11,278,826	7
1867, June	8,620,150	601,243	8,018,907	4,000,000	400,000	4,626,636	1,466,341	907,700	3,342,369	10,262,598	9
" December	10,770,150	2,000,000	8,770,150	4,000,000	400,000	4,347,598	1,888,616	437,825	3,279,876	9,314,348	10
1868, June	12,000,000	3,169,950	8,830,050	5,000,000	500,000	4,218,680	1,981,080	781,825	4,843,824	10,457,188	10

After June, 1868, the accounts are made up without distinguishing between the Issue and Banking Departments. From this period begin the heavy advances to the Government on account of the rebellion and the issue of inconvertible notes. The principal items in the accounts are as follows:

	LIABILITIES.					ASSETS.							
	Capital.	Reserve fund.	Total bank notes emitted.	Bank notes emitted on account of Government.	Deposits and accounts current.*	Specie.	Bank notes.	Current discounts.*	Ordinary Treasury obligations.	Advances to Government without interest.	Total of each side of the account.*	Premium on gold.	Dividends. Per cent.
	$	$	$	$	$	$	$	$	$	$	$	Per ct.	
1868, December...	5,000,000	500,000	13,199,950	—	3,755,967	2,987,260	$ 739,630	5,591,510	10,838,042	—	28,817,568	3	7
1869, June	5,000,000	500,000	18,863,510	3,069,863	4,438,218	3,895,897	1,036,970	5,975,091	10,453,193	4,060,612	35,862,529	2⅛	7
" December...	5,000,000	500,000	24,478,995	14,520,918	6,516,206	2,815,863	1,190,895	5,595,115	8,702,156	14,520,918	46,134,180	2⅝	8
1870, June........	5,000,000	500,000	30,835,310	20,084,535	8,535,222	5,925,566	2,504,280	4,586,864	7,645,474	20,084,534	52,697,695	1⅞	7
" December...	5,000,000	500,000	36,043,720	22,614,380	12,206,278	6,621,081	3,535,190	8,564,007	7,022,013	22,614,381	59,778,746	3⅞	10
1871, June........	5,000,000	500,000	41,082,765	26,771,825	11,329,172	7,634,969	4,354,105	7,873,771	6,945,797	26,771,827	63,532,323	5⅜	7½
" December ..	6,000,000	600,000	44,604,735	32,504,445	14,202,907	6,208,347	4,716,060	8,591,754	6,999,125	32,504,445	71,058,163	5¼	9½
1872, June	6,000,000	600,000	50,145,635	37,252,445	11,669,107	5,765,321	4,018,349	11,153,746	6,911,240	37,252,445	75,025,822	10⅜	8
" December...	8,000,000	800,000	56,828,305	40,828,305	12,600,193	5,720,493	4,983,945	15,097,458	6,769,456	40,828,305	85,084,941	17¾	17
1873, June........	8,000,000	800,000	59,990,408	39,828,305	14,272,562	5,052,967	2,907,600	15,233,707	9,515,565	39,828,305	88,045,902	35¾	9
" December...	8,000,000	800,000	59,792,251	43,828,305	10,876,856	5,060,885	3,552,604	10,669,080	9,624,568	43,828,305	86,646,702	87½	9
1874, June	8,000,000	800,000	75,700,799	60,000,000	13,069 961	6,563,147	4,381,603	11,167,524	10,176,138	60,000,000	104,985,939	161½	12
" December...	8,000,000	800,000	71,530,172	55,599,919	11,201,122	6,177,091	1,328,107	7,611,208	9,054,242	55,599,919	98,645,640	109⅝	8
1875, June........	8,000,000	800,000	70,162,812	54,294,856	11,850,116	4,797,398	3,693,935	8,829,239	9,941,969	54,294,856	91,145,416	111½	9
" December...	8,000,000	800,000	67,864,531	51,972,849	12,203,772	2,618,993	4,002,932	9,227,884	12,644,713	51,972,849	97,691,568	112¾	7
1876, June........	8,000,000	800,000	65,759,533	50,055,052	12,836,742	3,431,230	4,377,360	10,142,143	12,542,212	50,055,052	94,658,010	117¼	4
" December...	8,000,000	674,344	64,269,085	48,269,085	13,092,811	2,556,666	3,586,796	10,319,484	12,707,424	48,269,085	93,959,204	119½	4
1877, June.... ...	8,000,000	674,344	62,069,715	46,070,856	12,780,478	4,748,961	4,002,738	10,071,439	12,917,040	46,070,856	91,973,336	125½	4
" December...	8,000,000	580,585	61,893,765	45,905,039	10,660,467	2,361,948	3,956,703	8,794,838	12,936,602	45,905,039	89,981,700	123¾	4
1878, June........	8,000,000	454,447	61,780,540	45,809,340	11,494,693	3,625,849	3,678,156	8,659,410	13,306,840	45,809,340	90,963,257	113⅜	4
" December...	8,000,000	310,567	61,417,220	45,805,971	12,924,470	3,941,423	7,311,198	4,171,198	10,000,000	45,805,971	93,338,098	100¼	4
1879, June	8,000,000	310,567	60,327,183	45,805,971	17,024,873	6,120,563	6,712,211	12,912,493	9,649,067	45,805,971	95,559,294	111½	5
" December...	8,000,000	390,567	58,087,028	44,900,077	15 335,488	4,058,189	6,379,788	16,242,219	8,824,849	44,900,077	91,595,809	136¼	5
1880, June.	8,000,000	470,567	56,895,240	44,900,077	14,151,256	4,548,660	7,253,827	12,802,752	8,639,617	44,900,077	87,942,812	126⅝	4
" December...	8,000,000	470,567	49,871,867	44,900,077	14,087,293	5,548,979	6,996,649	9,934,682	4,546,698	44,900,077	77,808,673	106¼	5
1881, March 26....	8,000,000	550,567	48,943,457	44,900,077	15,812,114	7,411,255	7,521,970	9,848,191	4,520,000	44,900,077	78,989,690	92⅝	—

* In mixed values.

The causes of the panic in Havana which, in 1866, brought the reserves to so low a point, were, according to Mr. Merry, almost, if not altogether, local, and had little, if anything, to do with the crisis of the same year in England. Five of the principal wholesale grocers in Havana had combined

for the purchase and holding of all the staple goods imported in their line of trade. The speculators, on the purchase of cargo after cargo, gave their notes for the amount, which, as a rule, went to their trade bank, Bossier & Co., who had gone beyond their means in making heavy advances to planters. Becoming short of funds they repeatedly received assistance from the other banks. The heavy importations caused a serious rise in the rates of exchange, and the consequent export of large amounts of gold. Towards the end of December, Bossier & Co. stopped payment, and on the same day a run was made on all the other banks. The next to stop was the Bank of Commerce, and a little later the Industrial Bank. The last-named bank resumed unconditionally the next day, and the Bank of Commerce arranged to pay, and did pay, its depositors in time. These speculators at that time fulfilled all their engagements, though some of them failed afterwards. The Spanish Bank with difficulty held out until the Government conceded to it the privilege of only paying out $35,000 in gold daily, which was later reduced to $25,000, and afterwards tacitly to nothing.

The immediate cause of the panic was the stoppage of Bossier & Co., but the heavy withdrawal of deposits and specie from the Spanish Bank was due to the distrust created by the negotiations made and pending with the Government, in relation to the taking up and holding of the six-per-cent. Treasury bonds that had been issued for the expenses of the Mexico and San Domingo expeditions. These bonds began to appear in the Bank's balances at par as cash and as part of the guarantee fund for the Bank's emission of notes. These bonds were in circulation and the bank contracted to take them up at par and hold them by means of an increased emission of its notes. This was the cause of the increase in the bank's circulation, first to $8,600,000, and then to $12,000,000.

In February, 1869, the first $8,000,000 of the extra emission for war was authorized, an excited populace guaranteeing it with their lives and property. Further issues followed until 1874, when they reached their maximum of $60,000,000. The Bank has, however, notwithstanding its great sacrifices, found the Government very backward in furnishing the means wherewith to call in this extra issue. By a contract made with the Government in August, 1878, the Bank was to begin calling in the extra emission of notes on receiving prepayment of the same from the Treasury. On the 17th of May, 1879, the Bank advised the Government that it was prepared to fulfill this part of the contract, but no official response was received. The Bank has since withdrawn nearly $10,000,000 of its own notes from circulation, and now the same populace, which, twelve years ago, pledged their lives and property as a guarantee for the notes to save themselves

from any cash outlay, are clamoring that the Bank be obliged to pay its notes, in gold at par. According to present appearances the road to specie payments in Cuba will be long and arduous. DUDLEY P. BAILEY.

EVERETT, Mass., June, 1881.

[CONTRIBUTED.]

RESULTS OF THE MONETARY CONFERENCE.

A REPLY TO CERTAIN OBJECTIONS.

Newspaper reports of the proceedings of the Monetary Conference at Paris have affirmed that it will recommend the ratio of fifteen and a-half to one between the weights of gold and silver coins of the same value, and as our representatives are acting under specific instructions from Washington, we may soon hear of a treaty between France and the United States adopting this ratio for our future coinage. This ratio differs very much from the present market rates of the two precious metals, but as it conforms very nearly to their normal price for the whole period of history before 1875, and as the disturbing causes, which have raised the purchasing power of gold and depressed that of silver, are well understood and temporary in their nature, very many persons believe that this ratio can be maintained without displacing gold from our ordinary circulation.

This result, I think, may be made more certain if the treaty should unite our country with the Latin Union by securing a unity of legal-tender coins for a hundred and fifty millions of the most prosperous nations of the world, forming an international union which would greatly promote the industrial and commercial interests of our people. All this may be effected with exact justice to debtors and creditors, with no disturbance of commercial values, and with but little inconvenience in the settlement of old indebtedness with the new coins and new notes.

In this system our silver dollar would be exactly double of our present half dollar in weight and value, and our double eagle would be the same as five Napoleons. The silver dollars and the gold coins would be stamped with the double names of francs and dollars, and be a legal tender in France, Switzerland, Belgium, Italy and Greece, as well as in our own country. Old debts would be paid in old coin or in new at the ratio of the weights in the metal offered for payment, and all new dues in the same ratio. The coinage of gold would be unlimited as it now is, but to avoid

sudden change it would be best to retain the silver coinage under the control of Government for a while, reducing the ratio gradually from eighteen to fifteen and a-half, so as to secure to the Government the profits due to the change, but permitting unlimited coinage at the ratio which would be prescribed for each period.

The ratio between the old and new silver dollars would be about 107 to 100, and between the gold coins about 103$\frac{2}{3}$ to 100; more accurately 1.069206 and 1.036547434 to one. If, now, on the first of January, 1883, the new dollar of five grammes of silver and of $\frac{10}{31}$ of a gramme of gold were to become lawful money, the banks on that day would credit each depositor with a premium of 3.6547434 per cent. of his balance, and from day to day with a similar premium on the old currency deposited by their customers. The bills thus received would not be reissued, but sent to Washington for cancellation. All checks would be paid in the new currency, prepared and dated so as to be redeemable in the new dollar. The same process would go on at the Treasury and sub treasuries when premiums would be allowed for all old notes or coins, and new greenbacks would be paid out for all checks drawn and payable after the date at which the dollar was changed. In a short time the old notes would be replaced with new and the old coins of gold and silver would in like manner give way to the new. All debts created before the date of change would be settled by the old currency, or with the new increased by the proper percentage. The dollars of 412½ grains and all the silver certificates now in circulation would be worth a larger premium than the eagles and half eagles. These would be received at the Custom House for the payment of duties at a premium of 6.9206 per cent., and as the Government could recoin the dollars thus received and those already in the Treasury, for which the silver certificates had been issued, into new five-franc dollars, with a gain of this percentage, it would lose nothing but the cost of recoining.

By these operations all the old bank and Treasury notes and the old coins would soon be removed from circulation with no trouble or labor or expense, beyond a small clerical computation at the banks and the Custom House. After the disappearance of these, the coupons and bonds issued before the change would require a slight computation to determine the amount of new currency to be given for them, but this would be done by tables prepared for this purpose at the places where the payments were to be made, so that no delay or labor would be required for this purpose. The small retail exchanges in the market and the shops are, for the most part, effected by half-dollars and quarters and dimes and copper and nickel coins, and in these no change is to be made, so that the ordinary business

of the great mass of the people would not be disturbed in the slightest degree.

In the change thus suggested, the currency of the United States would be unified with that of the Latin Union and with Spain, with exact justice to debtors and creditors, whether their obligations were made before or after the change, whether they mature in one year or in ten years, whether they are payable in gold or in dollars without any specific naming of the metal in which they are to be discharged, with little inconvenience, with a small expense of recoinage, and without a farthing lost by individuals or by the Government. If, then, the Conference at Paris shall recommend the ratio of fifteen and a half to one, and our Government shall adopt it, the desirableness of a common coinage through so large an extent of the civilized commercial world strongly invites the Governments of France and the United States to have a common franc and a common dollar, both of gold and silver, everywhere current, a legal tender for small and for large amounts in all the exchanges of bankers and merchants, and of every class of the people.

Some persons may fear that, as the market price of gold is now eighteen times higher than of silver, that our gold would be exported and sold for silver, and that our currency would, in the course of a few years, be reduced to silver alone. But I believe the slightest consideration will show that this is utterly groundless, for a very long period of time, if not for the whole indefinite future. To simplify this inquiry, suppose the change to be made to-morrow, and that all the mints of the new Union were opened for the coinage of silver at the ratio of fifteen and a-half to one, where would the silver be found for the operations of these mints? One or two millions would be in the chests of the bullion brokers in London, but the whole of this could be converted into coin in a month, and would produce no more influence on the money market than a drop of water in the ocean. The price would rise immediately, and even this small supply would not be carried to the mint at Paris or Philadelphia, but would be held, as now, for export to India or for the wants of the silversmiths and the manufacturers of plate. Nor would a supply to these mints come from the coins of France or America or India. No new money could be added to that now in circulation by recoining that which is now used for that purpose.

Could the supply come from the mines? They are as busy and active now as capital and enterprise and industry can make them, and the only effect would be that the products of the mines would be more valuable and the income of their owners and the wages of the miners would be increased. The production of all the silver mines in the world is known to be eighty millions a year. The tables

given by the English Silver Commission show that forty-three millions was the annual product outside of the United States, and this has remained almost invariable for many years. Our product for the last five years has been almost exactly thirty-seven millions per annum. Of this eighty millions five are consumed in the arts of trade in the United States, as much more in England, and twice this amount in France and other parts of Europe, making twenty millions for the workers in silver, for watches, plate and other articles of trade needed for domestic use. Our Silver Commission placed this consumption at higher figures, but twenty millions is, beyond any doubt, wanted for this purpose. Of the remaining sixty millions twenty-five has been coined at our mints, and nearly thirty-five exported to India and China, to meet the demands for coinage and consumption in the arts and other wants of those Eastern countries. Where, then, would the French and Continental mints obtain a supply of metal with which new five-franc pieces can be made?

Some may answer, that silver is accumulating in our Treasury, and that it is lying useless there, because the people do not want it for trade, and exporters cannot use it in foreign commerce. But the advance in silver to be effected by the offer to coin it at the ratio of fifteen and a-half to one in Paris, Brussels, Berne and Rome, would make our accumulated silver coin as useful for the Treasury reserve as gold. The exporter would prefer neither the one nor the other. Both would suit his purposes equally well, for at London and at Paris, and everywhere else, the value of each would be the same, because the Government mints of so many countries would be open for their coinage into money, at the uniform ratio of fifteen and a-half to one.

But would there be no change? Can a treaty alter values? Can laws subvert prices? Can the mandate of the supreme power in the State place an arbitrary value on silver and gold, and defy the laws of supply and demand, the cost of production, and the natural wants and preferences of the people? Certainly not. For a short time man may triumph, but in the end nature will be sure to conquer. It is not, however, eighteen but fifteen and a-half that is the normal, natural price, representing the average human wants for the two metals compared with the supply. This ratio is near the average rate for the three thousand years of human history, from the dawn of civilization to the year of our Lord, 1875. In fact 15½ is above this average. Before the present century this ratio was very seldom as high as the French figures, and never except in time of war. During the eighteenth century the ratio at the English mint was 15.21, and this was sufficient from 1705 to 1775 to attract the gold of Europe in exchange for English silver, so that it nearly disappeared from the channels of circulation. During the first half of the

present century the price was uniformly maintained because the French mint was always open for the coinage of silver at this rate. After 1850 this ratio declined, because of the immense supplies of gold from California and Australia, but the price was kept within one or two per cent. of this ratio by the steady offer of the mint at Paris to coin gold and silver at the ratio of fifteen and a-half to one, which made it impossible for the price to vary from this ratio more than the cost of transportation to the French capital, and the seigniorage charged for coining.

The proposed treaty to fix the rate at fifteen and a-half to one is not, therefore, a reversal, but a restoration, of the normal price. It is not like the order of Canute to change the natural level at which the waters of the ocean would settle, but the provision of a lake into which the swollen tide may escape, until the extraordinary causes that have disturbed them may spend their strength, and thus permit the natural equilibrium to be re-established.

True it is that the present annual production of silver is greater than at any former period, and that the demand for its use as currency has been materially lessened by the German and Scandinavian demonetization, and there is some good reason for fearing that these two causes may affect its future ratio with gold. The question deserves, therefore, serious and careful consideration, whether the increased supply of, and the decreased demand for, silver, combined with the rise in the demand for gold and the falling off in its supply, may not, in the progress of time, drain the Latin Union and the United States of their gold, and thus deprive us of a currency needed for the convenient settlement of our balance of trade with England and Germany. Some of the facts and principles which belong to this subject are well understood, and they are probably sufficient to enable us to form a proper opinion on the future movements of the precious metals, if the international union between France and the United States now proposed shall be adopted.

The annual production of gold is about ninety millions and of silver about eighty; the amounts having varied slightly since 1877, when Horton placed them at ninety-five and seventy-five millions. The annual loss from abrasion of coin has never been placed below a quarter of one per cent. which would make about ten millions for each of the two metals; Horton estimates these at twenty millions for gold and thirty for silver. The amounts used for plate and watches are quite uncertain, but the careful inquiries of the Superintendent of our Mint give for the United States alone ten of gold and five of silver; so that thirty millions of the former and twenty of the latter for Europe and America would be a low estimate. These deductions leave fifty millions of each to be added to the metallic money of the

world. The annual export of silver to the East for the last thirty years has exceeded thirty millions, and, although an advance of silver to the ratio of fifteen and a-half to one would reduce the large shipments of the last five years, by lessening the European consumption of Eastern goods, the demand in India for currency, and in India and China for other purposes, has been so steady and long continued, that no one would place the future annual export below twenty millions; and this would leave for the annual addition to the money of Europe and America fifty millions of gold and thirty of silver. Now, the countries which use gold and silver far exceed those which use gold alone, in population, wealth, activity of exchanges and natural increase, which are the principal elements that constitute an increased demand for money; and, therefore, it follows that an addition of thirty millions to the former and fifty to the latter cannot permanently dilute our currency, so as to lead to a permanent transfer of money from the gold and silver countries to the gold-using nations.

In this comparison Russia, Italy and Austria, as paper-money countries, are excluded, as well as Mexico and South America. The population of Great Britain and Ireland, of Portugal, Germany and Scandinavia, is about eighty millions, while that of the United States, France, Belgium, Switzerland, Greece, Spain and Holland is about one hundred and twenty millions. The wealth of the United States, according to Mr. Gladstone, is as large as that of England, while that of France alone far exceeds that of Germany, Portugal and Scandinavia, leaving Holland, Spain and Belgium to increase this excess. The currency of the United States exceeds 1,500 millions—750 of paper, including the silver certificates, which circulate everywhere the same as the greenbacks; 650 millions of gold, as proved by the Superintendent of the Mint, and 150 of silver. Some of this coin is, indeed, in the banks and in the Treasury, forming a reserve to redeem the outstanding paper, but in many respects the whole of it is currency, and if we count the other countries in the same way, the comparison will be free from objection.

In Great Britain and Ireland there is not as much gold or silver or note circulation as in the States. The gold in the United Kingdom was placed, by the report of the Silver Commission, at £122,000,000 and the silver at £19,000,000. The circulation of the Bank of England is usually about £26,000,000, and the whole circulation of gold, silver and notes of every kind, is only about 900 millions of dollars, or sixty per cent. of ours. The currency of France is far larger than that of Great Britain. The bank notes are more than double. In the last *Economist* the circulation of the Bank of England is given at £26,000,000, and that of the Bank of France at £100,000,000. Not only the specie in

the French National bank is larger, but even the gold is larger. The coin in the hands of the people is also much larger. The specie in the Bank of France and its outstanding circulation, taken together, exceed the whole coin and notes of the British Kingdom. And though the population is twenty-five per cent. below ours the total currency of France approaches to our fifteen hundred millions. The currency of Germany is much below that of Great Britain, and with Portugal, Denmark and Sweden, will not give for all the gold-standard countries of Europe 1,800 millions at the very furthest, while Spain and Holland, Belgium, Switzerland and Greece will swell that of the United States and France to 3,600 millions.

Is it not impossible, then, for a small addition of thirty millions of silver every year to this 3,600 millions to effect such an expansion as to drive off the circulating gold to England and Germany, when their 1,800 millions currency could be increased fifty millions every year by the bullion from the mines without abstracting a dollar from France and the United States.

If to this superiority of the gold and silver countries in wealth, population and currency, there be farther considered the probable increase, this inference will become still stronger. The annual growth of the United States is greater than that of the whole of Europe combined. An addition of a million and a-half to our active, energetic, industrious, thriving population, will demand every year more and more currency, and prevent the transfer of what we now possess to the old and stationary population of our fatherland beyond the seas. To this natural increase there is good reason to expect the thirty millions of Italy, who have a paper currency nearly on a par with gold, and whose ministers have recently proposed to effect a loan to enable them to restore specie payments. Austria and Hungary do not seem to be as likely to redeem their paper money, although it is nearly on a par with gold. All this is very different from the condition of 1873, when France closed her mints to the coinage of silver. Deserted by the United States and Italy, compelled by the fortunes of war to raise a thousand millions for the German indemnity, if she alone had consented to receive the demonetized silver of Germany and the increased production of the American mines, her gold might all have disappeared by the exchanges of silver for gold. Now, reinforced by the United States, encouraged by England and Germany, who have suffered immense losses by the German currency reform, which has cost the Indian Government alone fifteen or sixteen millions a year in the purchase of exchange, the new Union can look forward with confidence to complete success.

The exchanges between the gold and silver countries of the world would then become steady and uniform; the

amount of the world's currency will be kept unchanged; prices will not be depressed by the exclusion of silver from its use as money; the burden of debt, which now oppresses nations and individuals more heavily than at any former period in history, will not be increased by a further appreciation of gold, but lightened by the advance of prices and the increased amount of coined legal-tender money; the rich will not become richer by the enhanced value of gold, and the poor will not become poorer by the heavy load of their taxes and their debts; debtor and creditor will be restored to the old level when gold and silver were both good money, available for all the uses for which it was needed at home and abroad, in England as well as in India, in Germany as well as in France; and this unnatural war against silver, this reform of unpractical, theoretical economists, this *sacra fames auri*, this wrongful appreciation of currency, this disturbing storm, this cry for change will cease, and the standard of value will be kept where it was in the time of our fathers, like the pound and the yard, steady from age to age, as two metals only can make it—the abundant yield of the one compensating for the temporary deficiency of the other.

C. F. McCAY.

BALTIMORE, June 10, 1881.

FORCING GOLD INTO CIRCULATION.

Prefixed to the recently published annual report of the New York Chamber of Commerce, is the "Annual Statement," of the efficient Secretary of that body, Geo. Wilson, Esq. After giving an estimate that there was of gold and silver coin in this country, January 1, 1881, outside of the United States Treasury and of the National banks, the large sum of $317,202,506, he proceeds to observe: "A gold coin is but seldom met with in the ordinary transactions of life. From this it can only be inferred that the paper currency of the country is amply sufficient to meet the daily wants of the people. The history of all currencies shows that the one having the least value will circulate, the natural tendency of man being to hold on to that which he most esteems. The only manner, therefore, by which gold can be brought into circulation is by withdrawing a part of the already sufficient paper currency."

If it is intended to affirm that the paper currency we now have, consisting of greenbacks and National-bank notes, is of less value than gold, and that this is the reason why the paper circulates rather than the gold, we most decidedly dissent on both points. The paper will exchange for as much

as the gold in the market, and will pay debts equally well, in any part of the country. Nowhere in the United States, is the slightest premium obtainable upon gold, in exchange for the paper. If the paper is circulated in preference to gold, it is because the paper is the most convenient, and because the people do not choose to lumber themselves up with gold, when something, equally valuable and available and more portable, can be had as a substitute.

Without doubt, gold can be forced into circulation by withdrawing paper, but before a measure so repugnant to the habits of our people, and so certain to subject them to annoyance, is adopted, it will be necessary to assign some substantial reason for it. Mr. Wilson does not seem to express any opinion in respect to such a measure, one way or the other.

The prices of commodities in this country are not rising and that they are not too high as compared with the general range of prices in the commercial world is proved by the state of our foreign trade. An inflation of currency and prices is always indicated by an excess of imports over exports, and by an adverse condition of the foreign exchanges. No symptoms of that kind appear.

If American prices of commodities are not inflated relatively to European prices, neither are the latter inflated relatively to any former period, with which comparisons would be useful. They are as low on the other side of the Atlantic, as at the lowest point since the revulsion of 1873, and as low in fact as at the extreme point of depression just before the California and Australian gold discoveries. Unremunerative prices and stagnant trade constitute the burden of all the information which comes from Europe. Instead of trying to make prices still lower, by suppressing paper and thereby forcing a new use for coin and further appreciating its value, the tendency there is to eke out the deficiency of gold by increasing the use of paper. Switzerland is doing that. France is doing that, by enlarging the quantity of its 100-franc notes and by resuming the issue of fifty-franc bank notes. The Bank of England has just taken a step in the same direction, by exercising up to their maximum all its hitherto unused rights to issue notes not representing gold.

If the prices of the world were rapidly rising under some new flood of gold and silver, the suggestion would be an opportune one, that the rise should be arrested and steadiness be maintained, by suppressing paper to some extent, and thereby making a new employment for metal to the same extent. But it is precisely the opposite condition of things with which we have to deal.

Silver can be forced into circulation by supressing one and two-dollar notes, as gold can be by suppressing the five

and ten-dollar notes. The inconvenience of doing either thing is obvious, and is admitted by everybody. The other and much greater mischief of still further depressing the prices of commodities is not so obvious, and is overlooked by many intelligent persons. But this mischief will be an inevitable consequence of what is proposed, and a full discussion will show it to be so.

[CONTRIBUTED.]

CAN LAWS GIVE VALUE TO PAPER MONEY WITHOUT COIN REDEMPTION?

To many persons the idea is an incomprehensible one, that money which has been produced without appreciable cost, and the material of which has no appreciable worth in the market, can derive value merely from the general consent of the people of a country to accept it for what they have to sell and for debts due to them, or from a decree of the Government making it a legal tender, or from both things combined. Such a conception appears to them to involve the absurdity that popular assent or legislative *fiat* can produce something out of nothing. They know, of course, that money costing substantially nothing, either in its material or manufacture, has often and in many countries been freely and commonly accepted in exchange for property, and has also been commonly accepted in satisfaction of debts, even when there has been no law compelling such acceptance. Cases of this kind have been so numerous that it is quite impossible to deny that they have occurred as a matter of fact. The persons who find it difficult to believe that there can be any value except what they describe as intrinsic, and as existing in the useful qualities of some material substance, explain those cases by saying that the money has been accepted, not as in itself of any value, but as the promise, supposed to be reliable, to pay real money, or as being in some other way, not very well defined, the sign or representative of real money. In some of the cases the explanations thus given seem at first sight to be sufficient, but in other cases they are manifestly inadequate.

The notes of State banks, as known in this country before the Civil War, so long as the promise of coin on demand which they contained was performed, were supposed to derive their value and currency entirely from that promise. They were spoken of as being in all substantial respects coin, not coin in a corporeal form, but coin signified and represented by paper. They were not regarded as usurping

the place and functions of coin, but rather as acknowledging its authority and as exercising it by delegation and substitution. Currencies of that kind have existed at many times and in many places, and it is ordinarily said that the countries in which they exist are on a metallic basis.

But it happened frequently to the old State banks that they suspended coin payments. When merely a single bank stopped such payments it was called a bankruptcy rather than a suspension, and was generally followed by a liquidation and winding up. But when they suspended *en masse* either over the whole country or over large sections of it, as they often did, the uniform result was that their notes were accepted as freely as before in exchange for commodities. They were still the standard currency in which prices were stated, and if the valuation put on them was sometimes reduced relatively to coin, it was rarely so much reduced that they were not voluntarily accepted in discharge of previously contracted debts. It thus turned out in repeated cases, that whereas these notes, while redeemed in coin, were commonly said to be current solely in consequence of such redemption, they continued to be equally current when there was no longer a coin convertibility even in name.

The experience of other nations has been like our own. Without doubt, the Englishmen of the last century believed and said before 1797 that the notes of the Bank of England were current, because they commanded coin upon presentation at its counter. What they found by a trial of it was, that the currency of those notes was unimpaired during the period of twenty-four years commencing in 1797, when they would not command coin upon presentation, and when nobody could certainly foresee when, if ever, they would so command coin. Englishmen of the present day, better instructed by past experience, know perfectly well that if the Bank of England should again suspend coin payments to-morrow, its notes would still remain the accepted currency of that country. The Bank of France has suspended coin payments twice during the present generation, and once recently, and on neither occasion was the currency of its notes in the least degree affected by the fact of suspension.

In the case of the State banks, which formerly furnished the currency of this country, there never was any genuine confidence in the redeemability of their notes. Albert Gallatin expressed, fifty years ago, the common opinion and his own, by saying that they were promises to deliver coin provided nobody asked for it. They were constructed and conducted upon such principles, and issued notes in such excessive disproportion to their coin reserves, that it was impossible that they should avoid suspensions when panics arose, or the course of the foreign exchange became largely

and obstinately adverse. In most cases their suspensions were, as a choice of evils, the best thing to be done for the public interest, and were sustained by the approval of contemporaneous public opinion.

Of course, it is not intended to be denied that a bank note, promising coin on demand, derives a value from such a promise, if it is relied upon. In that respect it is upon the same footing as any other paper which is the legal evidence of a contract to pay money on demand, or at a designated future day. But a bank note, forming part of the actually accepted currency of a country, derives value from other facts besides the promise to pay coin, and therein it differs essentially from a merchant's note or draft for any given sum payable in any given number of months. The market value of a merchant's obligation depends wholly upon the degree of solvency which he is reputed to possess, and it is only the expectation of its complete, or at least partial, performance, which will induce anybody to purchase it. On the other hand, bank notes actually current and accepted as money are received in exchange for commodities and services, not with an intent on the part of the receiver to collect the coin promised on their face, but to realize their value by an exchange in the market for something else which he may want. It is not an expected redemption at the counter of the bank, but an expected availability as a means of purchasing commodities and services from others, which governs the voluntary receiver of bank notes when they have become in fact a part of the established currency of any place. In short, they are received, not because they are promises to pay money, *but because they are money*, that is to say, because they are something which is readily accepted by substantially everybody for anything they have to sell and in payment of debts. They have a value independently of their redemption in coin, although such a redemption, so long as it is actual and reliable, affects the degree of their value and fixes it at a parity with that of coin. The real basis upon which they are received may be misunderstood, so long as they are convertible into coin, but becomes plain enough when they cease to be so convertible, but are still received as readily as before, and oftentimes at a valuation not sensibly reduced. Bank notes payable and paid in coin on demand, and especially where they form the great mass of the circulating medium, are not at all a credit currency, as so many writers describe them to be. Nothing is more delicate and fragile than credit. A breath may tarnish it and a rumor may destroy it. It has been said of that sort of confidence, of which pecuniary credit consists, that it is nothing but suspicion asleep. Money, on the other hand, is of a marvellously tough fabric. It is a primary necessity of civilized life, and when the sole or principal money of a

country consists of bank notes, it will survive much ruder shocks than that of a temporary, or even a long-continued suspension of coin payments. In fact, it will often remain current for considerable periods of time, even after there have ceased to be visible any good reasons for its currency, except that there is no other money within reach and that money of some kind is indispensable.

In the many cases which have occurred of Government paper, avowedly irredeemable in gold or silver, we are not confused as to the causes and principles of its circulation, as we are liable to be in respect to the circulation of convertible bank notes.

The Russian paper rouble is a century old, having been issued in the reign of Empress Catherine of unsavory memory. In all that time it was never pretended to be redeemed, except from 1839 to the outbreak of the Crimean War in 1854–5, and it is a matter of mere conjecture when another period of redemption will occur, if it ever does. The facts that it is the current money of Russia, that prices in that empire are stated in it, and that everything there is purchasable with it, cannot be explained by its being convertible into, or being the representative of, any other kind of money. It is receivable for taxes and is a legal tender, and furthermore it is not permitted to Russians to make contracts payable in any other money. It is a pure *fiat* currency, produced without appreciable cost, but that it has a value in Russian markets is just as incontestable as a matter of fact, as that wheat and timber have a value in them, and, furthermore, by reason of its having a value in Russian markets, it has a value in all countries which have occasion to buy in those markets.

In this country the Government paper, known as the greenback, had at all times, prior to the resumption of coin payments in January, 1879, and in all places, except on the Pacific Coast, such an undoubted and universal value in the market, that it would command in exchange every species of property and service, and that the prices of all commodities were made and stated in it. There was no appreciable cost in either the material or the manufacture of this paper, and its value or purchasing power rested upon nothing except the laws of Congress making it receivable for certain classes of National taxes and a tender for private debts, and the general consent of the people, under the influence of those laws and of other circumstances, to accept it in exchange for what they had to sell. Neither in the law creating this paper, nor on the face of the paper itself, was there any effective promise to redeem it in any other kind of money, nor was it in any intelligible or conceivable sense the sign or representative of any other kind of money. Certain writers and speakers have used the license and lati-

tude of political party discussions to the extent of saying that this paper was "a dishonored promise" of the Government, but it contained no engagement which was not always scrupulously observed. It was at no time refused to be received for the classes of taxes for which it was declared to be receivable. There was a promise on it to pay dollars, but neither on demand nor at any fixed time. Everybody who took it, either from the public treasury or from individuals, knew it was payable only when the Government, in view of all the public interests involved in a question of the currency, than which none can be more delicate and complicated, should judge it fitting and expedient to pay it. By no possibility could such a promise to pay dollars ever become "overdue" or "dishonored." As the U. S. Supreme Court said in the case of *Bronson* v. *Rhodes* (7 Wallace), the greenback dollar "was not a promise to pay on demand, or at any fixed time; nor was it in fact convertible into a coined dollar." It is altogether plain that paper of that kind, neither presently convertible into coin as a matter of fact, nor containing any promise of such conversion except at the pleasure of the maker of it, could not have obtained currency as the sign or representative of coin.

In the case of *Hepburn* v. *Griswold* (8 Wallace), decided in 1869, Chief Justice Chase said of the greenbacks, that they had no "intrinsic value, but a purchasing value, determined by (1) the quantity in circulation; (2) by the general consent to its currency in payments; (3) by opinion as to the probability of redemption in coin."

It would have been more correct to say that the purchasing value of the greenback resulted from the general consent to its currency, however brought about, and that the extent, or degree of its purchasing value was determined by the quantity in circulation. Opinion as to the probability of its redemption in coin, neither created its value, nor fixed the magnitude of its value in 1869.

No man in 1869, or antèrior to that time, exchanged his commodities for greenbacks, with the intention of holding them until they should be redeemed in coin, or concerned himself with idle and fruitless speculations as to the probable time when they would be redeemed in coin. He accepted them solely on the basis of their then current value, or purchasing power in the market, or, in other words, he accepted them solely as money, and solely with a view to their present use as money. If the greenback had been stamped, as the coined gold and silver dollars are, with the words *one dollar*, in lieu of being stamped with unmeaning words promising to pay one dollar without any specified date of payment, its value in 1869 would have been precisely the same. Its value arose from the functions given to it by law, of receivability in important

branches of the National revenue and of being a legal tender for private debts, and from the existing fact, however arising, that it was commonly accepted in exchange for property and services. The extent of its value was determined by the proportion between its quantity on one side and the population by whom it was used and the exchanges in which it was employed on the other side. It may be true, although it is by no means certain, that later on and in close approximation to a date subsequently appointed by law for its redemption in coin, its value was more or less affected by the state of opinion as to the probability that it would then be so redeemed. [See note.*]

But that it was so affected in 1869, or anterior to that time, or for several years posterior to that time, is the idlest of fancies. Those who surrender to that delusion, do so, not because there is any fact to justify it, but because they hold to a preconceived theory which they have accepted from reading certain books, that no paper can have value unless it is in some way the representative of coin, either by present convertibility into it, or by some degree of expectation of such a convertibility at a future time. But it is admitted that the Russian paper rouble has value without either thing, and that Brazilian paper does without either thing possess a value even greater than that of the rouble. And although it may not be admitted, because it would be inconsistent with a theory to admit it, yet the fact was contemporaneously well known to everybody handling money in the United States, that the currency of the greenback for years before and after 1869, was in no wise affected by a (so-called) promise, which was no promise, of redemption in coin, but depended wholly upon the functions which it then presently derived from the law, and upon the exchangeability as a recognized money in the market into every species of property which it then presently enjoyed.

The contract between the United States and the holders of greenbacks, remains precisely the same to-day as it was when they were first issued. They are still payable, not on demand, but only when the government may see fit to pay them, in view of all the considerations of National policy

[* NOTE.—The Resumption Act became a law January 14, 1875. During that month the highest quotation of gold in the New York market was 113⅜, and the lowest quotation was 111¼. During the year 1874, the highest quotations of each month give an average of 114⅜ and the lowest quotations give an average of 109. During the year 1875 the highest quotations of each month give an average of 117⅝, and the lowest quotations give an average of 111¾. The premium was, therefore, rather higher during the year after the passage of the Resumption Act than during the year prior thereto. It was higher during the year 1875 than it was in either 1871, 1872 or 1873. It was as high in 1876 as it was in 1871 or 1872. It showed no distinct fall until 1877, when the highest quotations for each month give an average of 107⅞, and the lowest quotations for each month give an average of 102½. It fell still more during 1878. The opinion of the soundest minds has always been, and still is, that the gold premium did not fall in 1877 and 1878 in consequence of an expectation of resumption January 1. 1879, but that resumption at that date was *a consequence of the preceding fall in the gold premium*, brought about by commercial causes, such as great grain crops in the United States contemporaneously with deficient crops in Europe, large favorable balances in our foreign trade, &c.]

involved in that question. The Resumption Act of 1875, directing the Treasury officers to commence paying on the 1st of January, 1879, was a public act, and was passed for public objects, and it has remained ever since the right of Congress to repeal it, whenever that may seem expedient. No new pledges of any kind were given in that act to the individual holders of the greenbacks, and the question of continuing or suspending their payment is merely a public question in respect to the monetary circulation.

The paper money of the Confederate States did not have so long a career as the greenbacks have had, nor was the termination of it so fortunate. But while that career lasted, it afforded a perfect illustration of the fact that an accepted government paper, without any effective promise of payment in coin, has value in the market. In the case of the Confederate money, there was not only no promise of payment, either on demand, or at a fixed date, but there was no absolute promise to pay at all. There was a promise to pay in so many months after a treaty of peace should be negotiated with the Northern States. That was a condition which manifestly might never happen, and in the turn of events did not happen. Nevertheless, Confederate paper was for a considerable time so completely the established currency within the regions actually dominated by the Confederate government, that the prices of commodities and services were made and stated in it, and that it was in all respects the recognized money of Confederate markets.

If value was a corporeal substance, it would be true of it that it could not be created out of nothing, nor could it be destroyed if already existing, by a single human individual, or by any aggregation of human individuals represented by a government. Matter can be created, and is destructible, only by the Divine Being. But value is not a corporeal substance, or thing. It has neither extension, form, color, nor weight. It is cognizable by none of the bodily senses of man. It can be neither heard, seen, smelt, tasted, nor touched. Value is simply a relation of exchange between two objects in the market, in the operation of buying and selling, and the terms of such a relation depend upon the demand and supply of the two objects. If human power can affect the demand or supply of either object, it can affect the relation of value between the one and the other. It is like the relation of distance between two objects, which can be created, destroyed, increased, or diminished by man, provided either of the objects is movable by human power.

It will not be disputed that governments can greatly affect values, whenever they can exert a power over the demand for, or supply of any objects. Of that, examples cannot fail to occur to the reader, from the old one where the English Government increased the value of woolen cloth by

decreeing that every dead Englishman should have his shroud made of that fabric, to the more modern one, when the American Government increased the value of horses by buying up an enormous number of them for use in the Civil War. It would be extraordinary, indeed, if governments did not have as much power over values, as is always possessed by the leading milliner for the time being in Paris, who can change values by changing the fashions and thereby throwing some things out of demand and bringing other things into demand.

A change of value in the direction of increasing it, is, as respects the added value, the creation of a new value. And it is, therefore, true that there can be no more inherent impossibility that governments can create a value where none existed before, than there is that they can add a new value to an old one. In the case of money, for which the demand under the conditions of civilized life is imperative, governments can give the prerogatives and functions of money to anything at their discretion. They may select for that purpose something of which the cost of the material and of the manufacture is inappreciably small, and by monopolizing the production of such money they may give to each unit of it such value as they see fit.

There is only a difference in degree between the *fiat* power of governments over the value of paper money, and the same power over the value of gold and silver money. It is true that when mints are open to everybody the value of gold and silver coins is the same as that of the bullion contained in them, so that a first impression would be that governments in no way affect that value. Nevertheless, they do *affect the value of the bullion itself*, by decreeing that it shall be the sole raw material of coin, and by so legislating as to force the use of coin money. Gold and silver coins are thus indebted to the *fiat* of governments for an unknown but large part of their value, although not for the whole of it as Government paper money may be. [See note.]

In short, there is no scientific objection whatever to paper money. The objections to it are political. The question is only partly solved by showing (1) that there is no *à priori* probability that the supply from the mines will increase and diminish in any proper proportion to the varying monetary wants of mankind; (2) that a long experience has

NOTE.—The United States Monetary Commissioners say in their report (1877):
"Nor can there be any doubt that originally the value of gold and silver followed closely the cost of their production. and that the demand for them as commodities was the controlling, but variable, force in regulating their values. But when, in the progress of society, large stocks of the metals had been accumulated and their use as money had become established, that use and the demand which resulted from it became the controlling force in regulating their values. Demand and supply are the sole factors out of which exchangeable value arises. The demand for gold and silver as commodities is limited and fluctuating; but when the law invests them with the higher function of money and makes them the common denominator of all values, that limited and fluctuating demand is changed to an unlimited and constant one, *which fixes their value for other and inferior purposes.*"

proved that the fact is quite the reverse; and (3) that it is theoretically possible for governments to make a better money out of paper than nature has made in the precious metals. If governments can make a better money out of paper, it is equally undeniable that they can make a worse one. Ricardo, sixty years ago, understood and stated with perfect clearness the scientific basis of a sound paper money, regulated in its value by a limitation of quantity, but as a statesman he was at that very time a leader among those who fixed its value in England by redeemability in one of the precious metals.

Upon the political question, whether governments can be trusted to make a better regulation of the quantity of money by issuing paper than nature makes of the quantity of metallic money by the yield of the mines, I shall at present make only the two following observations:

1. Like every other question relating to political institutions, it cannot be intelligently discussed or wisely decided, except in reference to all the special circumstances of each country by itself, such as the form of its government, the degree of the intelligence of its people, its financial situation, and the prevailing ideas and influences in respect to monetary subjects. It is not to be assumed that because the issue of government paper money may not have been suited to the conditions of former times, it is necessarily unsuited to the present times, or that because it might be to-day a dangerous experiment in nearly all the countries in the world, it might not be safely tried in some of them.

2. The question of issuing Government paper money in the first instance, is an entirely different one from the question of continuing such a paper money after it is already issued; after prices have been adjusted to it; and when its withdrawal must affect the equities of the innumerable contracts which are always in existence in commercial countries and under the conditions of modern civilization.

OBSERVER.

STRENGTH OF IRON CHAINS.

Prof. Bauschinger has lately tested some iron taken from a chain bridge built in 1829, and found that after fifty years of service its strength and elasticity had not altered perceptibly from what they were reported to be at the time they were put into service. The fact that age has little effect on the quality of iron, is likewise verified by the result of tests made by Prof. Thurston of pieces of wire cable of the historic Fairmount suspension bridge at Philadelphia, lately taken down after forty years of service. The tested pieces were found to have a tenacity, elasticity and ductility fully equal to the best wire of the same size found in the market to-day.

THE ENGLISH BANKS AND THE LONDON CLEARING HOUSE.

Sir John Lubbock, the Secretary of the London Clearing House, has issued his yearly report showing the transactions for the year ending April 30, 1881. The figures are interesting, and present important evidence as to the economic and financial changes which are beginning to be developed in Great Britain. The report is very brief and the totals are as follows:

STATISTICS OF THE LONDON CLEARING HOUSE.

	Total for the year ending 30th April.	*On the fourths of the month.*	*On Stock-Exchange account days.*	*On consol settling days.*
1867–68....	£3,257,411,000	£147,113,000	£444,443,000	£132,293,000
1868–69....	3,534,039,000	161,861,000	550,622,000	142,270,000
1869–70....	3,720,623,000	168,528,000	594,763,000	148,822,000
1870–71....	4,018,464,000	180,517,000	635,946,000	169,141,000
1871–72....	5,359,722,000	229,629,000	942,446,000	233,843,000
1872–73....	6,003,335,000	265,965,000	1,032,474,000	243,561,000
1873–74....	5,993,586,000	272,841,000	970,945,000	260,072,000
1874–75....	6,013,299,000	255,950,000	1,076,585,000	260,338,000
1875–76....	5,407,243,000	240,807,000	962,595,000	242,245,000
1876–77....	4,873,000,000	231,630,000	718,793,000	223,756,000
1877–78....	6,088,533,000	224,190,000	745,665,000	233,385,000
1878–79....	4,885,091,000	212,241,000	811,072,000	221,264,000
1879–80....	5,265,976,000	218,477,000	965,533,000	233,143,000
1880–81....	5,009,939,000	240,822,000	1,205,197,000	235,579,000

One of the most obvious facts suggested by this table is as to the decline in the total business of the Clearing House. Four years ago the aggregate was 6,088 millions sterling, and last year it was but 5,009 millions sterling. The causes of this diminution are well worthy of more attention than they have received from the foreign financial journals. London, it is well known, has long enjoyed the advantage of being the great clearing center for the commerce of the world. Paris is said to have been successfully engaged in the task of attracting a portion of the international current of banking business which formerly was almost entirely monopolized by the British banking system. How far this cause. with others of a similar character, may have contributed to diminish the aggregates of the London Clearing House, is a question which Sir John Lubbock, or some of his colleagues in the institute of bankers, might elucidate with advantage to foreign economists and observers, by whom the movements of English finance are watched with increasing interest every year. It may be noted that the business of the London Clearing House is far greater now than during the years preceding the Franco-German war. For the three years ending April, 1870, the average yearly clearings were about 3,500 millions sterling. In 1870–71 the aggregates rose to 4,018 millions, and in 1872–3 to 6,003 millions. This sum was exceeded in 1877–78, when the total

reached 6,088 millions, which is the highest point yet struck. The oscillations during the last ten years have been wide and some of them sudden. An intelligent statement of their chief causes from some competent authority is to be desired, and could not fail to throw valuable light upon the present and prospective movements of English finance and international banking.

The second column of the table is usually referred to for evidence as to the condition of the mercantile business of the country. It shows that the clearings on the fourths of the month, when a large proportion of the current mercantile bills fall due, augmented from 147 millions sterling in 1867 to 180 millions in 1870, 231 millions in 1876, and 240 millions last year. The figures show a falling off since 1873–4, and from the complaints that have been frequently heard of the depression in many of the manufacturing towns and districts of England, we might have looked for a still greater decline. The comparative progress in some of the stronger branches of British industry appear, however, to have made up for the deficiency in those which are more feeble. The vigor of this compensative movement is illustrated by the following statistics showing the foreign commerce of Great Britain during the last ten years:

Years.	*Total Imports.*	*Exports of British Produce.*	*Exports of Foreign and Colonial Produce.*	*Total imports and exports.*
1870......	£303,257,493	£199,586,822	£44,493,755	£547,338,070
1871......	331,015,380	223,066,162	60,508,538	614,590,080
1872......	354,693,624	256,257,347	58,331,487	669,282,458
1873......	371,287,372	255,164,603	55,840,162	682,292,137
1874......	370,082,701	239,558,121	58,092,343	667,733,165
1875......	373,939,577	223,465,963	58,146,360	655,551,900
1876......	375,154,703	200,639,204	56,137,398	631,931,305
1877......	394,419,682	198,893,065	53,452,955	646,765,702
1878......	368,770,742	192,848,914	52,634,944	614,254,600
1879......	362,991,875	191,531,758	57,251,606	611,775,239

Perhaps one of the most noteworthy parts of the London Clearing House report is that relating to the Stock-Exchange clearings, which show a great increase. In 1867 the aggregate was 444 millions sterling, and last year it was almost three times as much, and amounted to £1,205,197,000. There is also an increase in the dealings in Government securities shown by the final column of Sir John Lubbock's table. On consol settling days the aggregate business is reported as twice as much as in 1867–8. This movement has its counterpart in this country and among most of the nations of Europe, and it is in accordance with the general law that in proportion as any population grows in wealth their disposition to deal in Government and corporate securities and their power to invest in them, augments together. The increase in the clearings of the stock settlements shows an enormous enlargement, and offers another illustration of the tendency of capital in prosperous, rich countries to invest

itself with accelerating force in the sensitive values of the Stock Exchange. In 1867 the London Clearing-House reported its total business on stock settlement days at 444 millions sterling. This aggregate rose to 1,032 millions in 1872-3, receding in subsequent years till it reached 718 millions in 1876-7, from which point it has gradually recovered to 1,205 millions last year. Our foreign bankers say that there has seldom been a time when the London Stock Exchange was more receptive to American bonds and stocks; and some of the firms complain that the speculative activity in such securities is increasing with undue rapidity, the preference not being always as discriminating as could be desired.

In further illustration of the changes which are being developed in the financial and banking system of Great Britain, we give from the London *Economist* the following comparative view of the amount of Bank deposits for several years past:

DEPOSITS OF BANKS IN THE UNITED KINGDOM.

			Bank of England.	*In all, say,*	
	£	£	£	£	£
Autumn, 1878.	520,000,000 or	530,000,000	. 24,000,000	. 550,000,000 or	560,000,000
Spring, 1879..	460,000,000 or	470,000,000	. 38,000,000	. 500,000,000 or	510,000,000
Autumn, 1879.	470,000,000 or	480,000,000	. 37,000,000	. 510,000,000 or	520,000,000
Spring, 1880..	490,000,000 or	500,000,000	. 33,000,000	. 520,000,000 or	530,000,000
Autumn, 1880.	470,000,000 or	480,000,000	. 31,000,000	. 510,000,000 or	520,000,000
Spring, 1881..	460,000,000 or	470,000,000	. 32,000,000	. 500,000,000 or	510,000,000

METALLIC MONEY IN EUROPE.

The following table shows the increase, from January 1st to June 16th, of the metallic reserves in the National banks of the three principal specie-paying countries in Europe:

	June 16, 1881.		Jan. 1, 1881.
BANK OF ENGLAND.			
All in gold	$132,611,120	..	$121,193,080
BANK OF FRANCE.			
Gold	125,786,785	..	112,853,769
Silver	247,591,597	..	244,520,883
Specie	$373,378,382	..	$357,374,652
IMPERIAL BANK OF GERMANY.			
Gold estimate	$49,735,916	..	$43,535,000
Silver estimate	99,469,334	..	87,070,000
Specie	$149,205,250	..	$130,605,000
IN THE THREE BANKS.			
Total gold	$308,133,821	..	$277,581,849
Total silver	347,060,931	..	331,590,883
Total specie	$655,194,752	..	$609,172,732

This shows a gain of \$30,551,972 in the gold reserves and a gain of \$16,003,730 in the silver. In respect to the German Bank, the figures of the gain in the total metallic reserves are exactly known. The proportions of gold and silver in this gain are estimated, but upon a basis that must be substantially correct. It is assumed that the proportions of the two metals were the same on the 16th of June as on the 1st of January, which cannot be far out of the way.

It must not be inferred that there has been any increase of the aggregate gold of Europe during the first five and a-half months of this year, because there has been such an increase in the British, German and French National banks. The fact undoubtedly is, that Europe has been losing gold during the period named. The drain of gold from Europe to the United States and the European consumption of that metal in the arts and otherwise, have exceeded the imports of it into Europe. The return of British gold imports and exports show that the United Kingdom has been a loser of the metal, although the stock in the Bank of England has increased. What that institution has gained has been drawn from the British circulation. The same thing is true of France, where there has been a large increase of one hundred and fifty-franc notes, which has had the intended effect of drawing into the coffers of the bank a corresponding amount of gold, hitherto passing from hand to hand among the French people. Within the year past, the note circulation of the Bank of France has expanded something like \$50,000,000. How much further, circumstances in France may compel this process of substituting paper for gold to be pushed, remains to be seen.

In England, the great Bank has recently availed itself of a privilege which has remained unused for several years, of issuing an additional \$3,500,000 of paper not based upon gold. In the same country there is also some agitation of the idea of permitting the bank to issue £1 notes, which would set loose an immense amount of gold now absorbed in the British circulation. There is no appearance as yet that the idea is likely to be realized very soon, but it is a significant circumstance that Professor Jevons favors it, and he is one of those politic writers who rarely step over the lines prescribed by London influences for the direction of financial thought in England. Judging at this distance, and paying no attention to the discordant and misleading utterances of British journals, some shrewd observers think that *if the* constriction of gold in England becomes unbeara*ble*, the remedy adopted is likely to be an issue of £1 notes, rather than bi-metallism.

CURRENT EVENTS AND COMMENTS.

ARE DISCRIMINATING LOCAL TAXES CONSTITUTIONAL?

The Supreme Court at Washington does not give much support to the crude statesmanship of certain legislators in the Southern and Western States which seeks to discriminate against Eastern goods or agencies. In some States the legislatures have been increasing the State revenue and favoring their constituents interested in local manufacturing, by charging taxes, license fees and other burdens upon merchandise originating in other States. The New York *Times* calls attention to two or three recent decisions adverse to such discriminating legislation. These decisions are founded on the constitutional principle that commerce among the States must be regulated by Congress, not by the legislatures. As to this commercial power, the latest rulings of the Court are that different subjects of the power call for different modes of applying it. Some of the subjects are National, and admit and require rules uniform throughout the land; others are local, and the regulation of them may vary with local circumstances. Pilotage and improvement of rivers and harbors may be to some extent subject to State legislation. But as to all that portion of commerce between the States which consist in the transportation, purchase, sale, and exchange of commodities, there can of necessity be only one system or plan of regulations, and that Congress alone can prescribe. Its non-action in such cases with respect to any particular commodity or mode of transportation, is a declaration of its purpose that the commerce in that commodity or by that means of transportation shall be free. There would otherwise be no security against conflicting regulations of different States, each discriminating in favor of its own products and citizens, and against the products and citizens of other States.

PUBLIC DEBTS IN PENNSYLVANIA.

Mr. Robert P. Porter, of the Census Office, has presented his preliminary report of the debt of Pennsylvania, . . . The total debt, as reported, is as follows; the word local being used by the Census Office to mean county, township, city, borough and school-district debt:

	Bonded debt.	*Floating debt.*	*Gross debt.*	*Sinking fund.*	*Net debt.*
Local.....	$107,248,000	$5,353,601	$112,601,601	$19,410,351	$93,191,250
State......	22,076,845	113,845	22,190,669	1,308,577	20,882,092
Total...	$129,324,845	$5,467,446	$134,792,270	$20,718,928	$114,073,342

PRODUCTION OF IRON.

During the past twelve years, the annual pig-iron production of the of the five principal iron-making countries has increased thirty-eight per cent., or from 10,096,000 tons to 16,310,000 tons, as under:

	1869.		1880.	
Great Britain................	5,445.757	....	7,721,833	tons.
United States................	1,916,641	....	4,295,414	"
Germany....................	1,180,579	....	1,950,000	"
France	1,018,899	....	1,733,102	"
Belgium......................	534,319	....	610,000	"
Totals.....................	10,096,195	....	16,310,349	tons.

TOBACCO PRODUCTION.

The report of J. R. Dodge, special agent for the collection of statistics of agriculture, showing the tobacco product of the United States for the census years 1880 and 1870, . . . shows an apparent increase in production of eighty per cent. during the decade, the product in 1880 being placed at 473,107,573 pounds, and that of 1870 at 262,735,341 pounds. This apparent increase, Mr. Dodge says, exaggerates the real advance in tobacco cultivation, as the preceding census crop was a small one, and the fear of taxation may have operated to prevent a full census of tobacco in 1870. The crop reported in 1880 was one of medium production, not in excess of the present requirements of home consumption and exportation. Fifteen States produce now, as in 1870, more than ninety-nine per cent. of the tobacco of the United States, though it is reported in twenty-two other States and six Territories. . . . Kentucky occupies the first position, producing thirty-six per cent. of the total product of the country. Virginia holds the second place; Pennsylvania has advanced from the twelfth to the third; Wisconsin from the fifteenth to the tenth, and North Carolina, Connecticut and New York have each gained one point in the rank of tobacco States. Those that have retrograded in relative production are Massachusetts, Maryland, West Virginia, Indiana, Illinois, Missouri and Tennessee.

WHEAT RAISING.

A member of the State Board of Agriculture of Minnesota, writing from La Crescent, in that State, on the 9th of May, says: "My reports may differ considerably from those of other parts of the State, but are as nearly the actual facts as gathered from frequent intercourse with the best farmers of the county. The farms are usually small, ranging from 80 to 600 acres, perhaps may average 200 each. At this time farming is *in a state of transition. Wheat is found to be no longer a paying crop, and the yearly acrerage is decreasing*. Winter wheat is in many cases taking the place of spring. Our farmers are looking forward to stock raising, dairying, and a rotation and variety of crops as the only safe method. Corn seldom fails here. Oats and barley pay better than wheat, and many of the farmers are most prosperous who have had too little land to make wheat a specialty."

The San Francisco *Alta California*, of May 23, says: "Farmers in different sections of the State are experimenting with cotton, sugar cane, and other growths, with a view to diversifying their crops. Too many of them are growing wheat, and find therein but little profit, while they exhaust the land by constant reproduction of the same crop."

THE CENSUS AND THE CEREAL CROPS.

The census for the cereal product of 1880, which is the crop of 1879, has been completed. The total wheat and corn crop is 2,232,697,681 bushels. The total rye, oats, barley and buckwheat is 481,905,000 bushels. The total product of the country aggregated 2,714,602,681 bushels. This is a remarkable increase in the production of cereals during the last decade. During the last ten years Indiana and Illinois have nearly doubled their wheat production; Iowa has quadrupled hers; Minnesota doubled; Wisconsin suffered a loss of about a million bushels; Kansas increased eight-fold; Nebraska and Colorado seven-fold.

FLORIDA RAILROADS.

. . . . The Florida and Southern Railway Company, which is being constructed by New England capital, which connects Palatka on the St. John's River with Gainsville, and west to Lake City and south to Tampa Bay, will open up the entire State. It is a narrow gauge railroad, and when completed will consist of 390 miles of road. It is expected that the first division between Palatka and Gainsville will be open during the month of June. . . . . The road will not only afford direct communication with the North for the rapidly increasing orange trade, but it will enjoy a very remunerative traffic from the lumber trade, which promises to be a most important item.

CATTLE IN THE BRITISH NORTH-WEST.

A Bismarck special says that "M. H. Cochrane, the great cattle fancier, of Canada, and other gentlemen are en route for Fort Benton and the North-West to found a colossal cattle ranch in the Bow River country 300 miles north-west of Fort Benton. . . . The land set aside for this use by the Canadian Government amounts to 200,000 acres. They propose making fine stock a specialty, believing that by the time they are able to supply the local demand the country will be reached by one or more lines of railroad, when the surplus can be shipped in refrigerator cars."

A NEW USE FOR INDIAN CORN.

In introducing his last budget in the British House of Commons, Mr. Gladstone, referring to the beer duties, said: "Maize was considered somewhat hard for brewing, and it was found, when experiment was thoroughly made, that it contained too much oil—a very grave objection. But then the further discovery was made that this excess of oil was not diffused through the general body of the grain, but lay entirely in that which is called the germ of the grain; consequently the wit of man, thus provoked and stimulated, has extracted the germ from the grain and turned it to its proper account, namely, that of making oil, which we can burn in our lamps. The maize, relieved of the excess of oil and now made suitable for brewing, was applied for that purpose; and I understand that the result is not only satisfactory, as regards the beer that proceeds from it, but also as regards this point: that the residue after the extract has been taken is found to be even more valuable—decidedly more valuable and profitable—for the feeding of cattle than the residue formerly obtained from barley."

COST OF POSTAL CARDS.

The rate originally paid by the United States Government for printing postal cards was not considered excessive, yet the reduction is something enormous. The first contract was made in 1873, providing that one-cent cards should be supplied for four years at the rate of $\$1.39\frac{7}{8}$ per 1,000 cards. The price under the second contract, which will end the 30th of next June, has been $69\frac{46}{100}$ cents per 1,000 cards. Under the new contract the rate per 1,000 cards will be $54\frac{48}{100}$ cents. While the contract from July 1, 1873, to June 30, 1877, was pending, the number of cards issued was 550,619,500. Under the contract for the four years' term which will expire June 30, 1881, the number issued will reach about 990,000,000. The number required during the next four years will be, it is estimated, 2,000,000,000.

THE TAX ON BANK DEPOSITS.

COMMISSIONER RAUM'S CIRCULAR ON THE INTERPRETATION OF THE LAW.

The following official circular (No. 237) has been issued as to the returns of deposits of banks, other than National banks, of Savings banks and Bankers:

TREASURY DEPARTMENT, OFFICE OF INTERNAL REVENUE.
WASHINGTON, D. C., May 16, 1881.

Collectors of Internal Revenue will furnish each of the banks (other than National banks) and bankers in their respective districts, with a copy of this circular. Bankers and bank officers, whose duty it is to render returns of deposits under Internal Revenue laws, will prepare their returns due June 1, 1881, and thereafter, in accordance with the requirements of office letter of April 20, 1881, a copy of which is subjoined.

GREEN B. RAUM, *Commissioner.*

ADDITIONAL TAXES ON DEPOSITS NOT RETURNED FOR TAXATION BY THE INTERNATIONAL BANK OF CHICAGO.

TREASURY DEPARTMENT, OFFICE OF INTERNAL REVENUE.
WASHINGTON, April 20, 1881.

Hon. EMORY A. STORRS, Hon. J. B. HAWLEY, *of Counsel for the International Bank of Chicago.*

GENTLEMEN: I have before me the report of Collector J. D. Harvey, of additional taxes on deposits not returned for taxation by the International Bank of Chicago, from December 1, 1875, to November 30, 1880. I have also considered the printed brief filed by you, and the oral arguments you have presented in this case, in behalf of the bank. The points urged by you will be considered in the order of their presentation:

1. *Checks for Clearings.*

Under this head you make the following statement:

"We claim there should be deducted from this gross amount, the deposits for the entire period of time, covered by this statement, the items designated as 'checks for clearings.' An explanation of what is meant by 'checks for clearings' is necessary to a satisfactory understanding of the position which we assume with regard to the propriety of deducting them from the gross amount of deposits. These items refer to, and embrace, all checks received on deposits, during each day's business by the bank, credited at par to the depositor, but upon which the cash is not received until the following day, through the clearing house. Until paid, these checks are not deposits of money, nor in a strict sense deposits of any character.

"The relation which the bank holds to its customer, or rather the relations which subsist between the bank and its customer in such cases, are those of principal and agent, and upon these points the rights and duties of the bank are very clearly settled by law."

You cite as authority *Morse on Banks and Banking*, page 379 and page 427, and also the opinion of Lord Ellenborough in the case of *Giles and another* against *Perkins and others*. You further state that "the depositing of the check which, in the usual course of business, is to pass through the clearing house does not create that relation, and hence that transaction does not make the party a depositor, nor is the check a deposit, nor is he thus made a creditor of the bank, nor is the bank his debtor until the representative of money ripens into a reality by the payment of the check and the

receipt of the money by the bank. Against these charges we protest, and the aggregate sum represented in the report of the collector is submitted in connection with this paper, and should be, in the face of the clearly-settled law of the land, deducted from the gross amount of deposits which he has exhibited in his report, and upon which he claims the payment of the tax."

This question has heretofore received the consideration of this office upon a claim for the refunding of a tax paid by the Marine Bank of Baltimore. In that case it was held that there where checks were carried to the credit of the depositor against which he had authority to draw by check or draft, it was a deposit within the meaning of the statute. If the checks were left with the bank for collection, and when collected, to be carried to the credit of the depositor, the rule would be that they could not be treated as a deposit until the collections were actually made.

I have carefully considered the arguments in this case, and I am unable to find reasons to justify the reversal of the decision above cited.

On the 3d of June, 1864, "An act to provide a National currency," &c., was approved. The 41st section of that act (13 Statutes at Large, page 111) required the collection from National banks established under said act, of "a duty of one-quarter of one per centum each half year upon the average amount of its deposits," said section required "each association within ten days from the first of January and July of each year to make return under the oath of its president or cashier to the Treasurer of the United States in such form as he may prescribe . . . of the average amount of its deposits." Under the authority conferred by that act the Treasurer of the United States, on the 30th of November, 1864, issued regulations giving a construction to the law, and in July, 1866, such construction was affirmed and inserted into the form of return prescribed for the use of National banks, as follows:

"DEPOSITS.—Average amount of deposits, estimated from balances at the close of business each day, and before the 'exchanges' or 'settlements' of the next day, including all balances which are subject to payment on check or draft, or on return of certificate of deposit, whether made by individuals, banks, Savings banks, bankers, by disbursing or other officers of the United States, or by States, cities, or towns, whether certificates or certified checks have been issued therefor or not; collections made on account of other banks; and, in fact, all descriptions of deposits which may be used by the bank, including deposits upon which the bank pays interest, whether any part of either of such items is directly in the possession of the bank or in the hands of an agent or agents, excluding only from the balance of any day's deposits such checks on city banks as were deposited on that day for collection, with the understanding that the money was not to be drawn from the bank until next day."

Upon this form, and under this construction of the statute just quoted, the National banks of the United States are now making, and have for the past sixteen years made, their returns of deposits, and under this construction, taxes to the amount of forty-seven million seven hundred and three thousand four hundred and four dollars have been collected. I am advised that the construction of the Treasurer of the United States of the above-cited law has never been called in question.

On the 30th of June, 1864, the law (13 Statutes at Large, page 277) which now appears in the Revised Statutes as section 3408, was approved, which provides that "There shall be levied, collected, and paid, as hereafter provided: First. A tax of one-twenty-fourth of one per centum each month upon the average amount of the deposits of money, subject to payment by check or draft, or represented by certificates of deposit or otherwise, whether payable on demand or at some future day, with any person, bank, association, company, or corporation, engaged in the business of banking;" and the power to collect this tax was conferred upon the Commissioner of Internal Revenue, who by a subsequent act was empowered to make the assessments for the collection of this tax.

These two Statutes were passed at the same session of Congress and obviously were intended to levy the same rate and character of taxes upon

National banks, and banks and bankers other than National banks, the authority to make the collections, however, being intrusted to different officers of the Treasury Department.

It will be observed that the act of the 30th of June, levying this tax upon the deposits of banks and bankers, is somewhat more explicit in its provisions than the act of the 3d of June, providing for a tax upon the deposits of National banks. In the act taxing the National banks it is provided that the tax shall be "upon the average amount of its deposits." In the act taxing banks and bankers, the tax is to be imposed upon the "average amount of deposits . . . subject to payment by check, or draft, or represented by certificates of deposit or otherwise, whether payable on demand or on some future day." It seems to me clear that, if, under the act of the 3d of June 1864, National banks can be held to return and make payment for deposits according to the construction of that law, as above quoted, it certainly is competent for the Commissioner of Internal Revenue to require returns from banks of deposits carried to the credit of the depositor, and "subject to payment by check or draft."

I must, therefore, hold that where deposits are made of checks or drafts which are immediately carried to the credit of the depositor, and which are subject at once to payment by check or draft, they must be treated as taxable deposits on the day the same are received and entered to the credit of the depositor.

2. *Overdrafts.*

In your printed argument you state that "in the books of the bank, which were examined by the experts of the collector, these overdrafts are deducted daily on the deposit register from the gross footings of the deposits," and further on you add that you "deem it unnecessary to pursue discussion at any length with regard to the right of the bank to deduct from its gross deposits its overdrafts," and you allege that the collector, in his report, refuses to make such deductions. In your oral argument it was stated that these overdrafts are carried on the debit side of the accounts, and that no entry of money to the credit of the customer is made as for a loan. You insist that the overdrafts shall not be added as a deposit, but in the oral argument you conceded that overdrafts should not be used to reduce the deposits, or, in other words, should not be deducted from the deposits as in your printed argument you claim they should.

A check drawn upon a bank in which there are no funds to the credit of the drawer to pay the same, and which check is paid by the bank, is called an "overdraft." This is obviously a loan by the bank to its customer, and is so treated in all the books. It is clear that in making up its account of deposits it would be improper for the bank to deduct from the deposits of one customer the overdrafts of another, and state the balance as the amount of deposits on hand. The overdrafts cannot lawfully be deducted from the deposits in making the returns for taxation; but an overdraft is not a deposit, and cannot be treated as such.

The Treasurer of the United States, in passing upon the liability of National banks to taxation, decided, June 24, 1873, that "A National bank is not permitted to make an average of its deposits by taking overdrafts from deposits."

3. *Certified Checks.*

You state that when checks are certified they are debited to the account of the drawer and credited to "certified checks account." You allege that in making up the account of the bank's taxable deposits the collector refused to allow the debit to the drawer to reduce the account, but took the whole amount of the account and then added to it the amount of the certified checks. If this be so, the action of the collector is clearly erroneous. The true method of arriving at the amount of deposits in respect to these accounts is to ascertain the balances standing to the credit of the depositors (after deduction of amounts certified to), and add to this sum all the certified checks unpaid. If the collector has fallen into error in this regard, the bank is entitled to have the error corrected.

4

4. *Cashier's Checks.*

Under this head you state:

"By cashier's checks we mean the checks issued by the cashier or president, upon the bank itself, which are given in the purchase either of commercial paper, bonds, or foreign exchange, to parties who do not keep an account with the bank. Instead of paying money over the counter to the purchaser of a foreign bill, or to the the seller of a foreign bill, or to the seller of bills receivable, or bonds, or any property of that character, the bank's check upon itself is given, and these checks thus given by itself, called 'cashier's checks,' are included in the gross deposits in the deposit register, and are embodied in a report made by the collector to the Department."

You further state: "It is easy to see that this is not a deposit in any sense. It is simply a payment by the bank, and is a method of bookkeeping adopted for the purpose of tracing these transactions." You also add that "when these checks are actually paid they are charged to cashier's check account."

Upon this point I will state that in my opinion, a cashier's check, given for money which the payee leaves with the bank instead of taking it away, is nothing more nor less than a certificate of deposit. In my judgment a credit balance on cashier's checks account represents a deposit of money and should be so treated by this bank, and I learn is so treated by other banks in Chicago.

5. *Collections.*

You allege that the collector has treated as deposits money arising from collections made on account of outside banks during every day's business, for which checks were received in payment. Upon this point I will state that where checks or drafts are received for collection and remittance, and are collected, and remitted for the following day, the collections should not be treated as a deposit; but where the money collected is held by the collecting bank and remitted at a subsequent time during the period it is so held, it should be treated as a deposit.

6. *Margins.*

I note your claim that moneys deposited with the bank as margins to secure either the purchaser or seller, as the case may be, against loss on option dealings, are not liable to taxation as deposits. You state that these deposits are made by persons not customers of the bank, and that no account is opened with the individuals making them, and that the amounts so deposited simply appear on the books of the bank as "margin accounts." I also note your statement that no bank feels safe in doing business on margin accounts, owing to the violent fluctuations in the market, and that these moneys do not enter in the slightest degree into the calculations of any bank in regard to furnishing funds upon which to do business.

The law taxing bank deposits cited by you in your argument requires that the tax "shall be levied upon . . . deposits of money . . . whether they are payable on demand or at some future day." These margin deposits are payable upon the return of the certificate duly endorsed by both parties, or on the order of the President of the Board of Trade. I think they come within the express letter of the law and are taxable as deposits.

7. *Special Accounts.*

You state that "this account includes all accounts which appear in the deposit register, received with the understanding and agreement between the bank and the depositor that they are not to be checked against like ordinary accounts, and upon which, as a rule, interest greater than is paid on deposits is paid."

In argument it was urged that money lodged with a bank and carried to the credit of the owner, under a verbal agreement that the money should remain a certain length of time and draw a certain rate of interest was not taxable as a deposit, but must be treated as borrowed money.

You cite as an example of these accounts, the fact that the city of Chicago kept a deposit account with the International Bank, under an agreement that its account should not be reduced below two hundred and fifty thousand dollars, and that on that balance a certain agreed amount of interest was to be paid.

This account was, no doubt, a large one, and I apprehend that the revenues of the city were deposited from time to time as collected, and moneys drawn from day to day to meet demands against the city. It is scarcely to be supposed that the city engaged in the business of loaning its revenues to a bank; the presumption is, upon the contrary that they were deposited with the bank for safe keeping, and to be drawn upon as occasioned required.

I do not concur in your view of the law that such a transaction is a loan. Of course the relation of debtor and creditor arises whenever a person deposits a sum of money with a bank, and an action for money had and received could be maintained.

The business of a bank is to loan money, not to borrow it, and a city deposits its money and does not loan it. In my judgment, where money is delivered to a bank, and carried to the credit of the owner, under a verbal agreement that the money shall remain a certain length of time and draw a certain rate of interest, it is a deposit subject to taxation under the laws of the United States.

8. *Bills Payable, including Certificates of Deposit.*

You state, "It was the practice of the International Bank, in lieu of giving its note, which it could not do, to issue certificates of deposit for money borrowed by it, either from banks or individuals. Such money borrowed appears as a deposit, under the head of 'Certificates of Deposit,' on the daily balance-sheet, while it was in fact money actually borrowed, and was, after the transaction was complete, money belonging not to a customer, but to the bank itself."

Thirty-two certificates, which had been issued and paid by the bank, amounting in the aggregate to one million five hundred and eighty-five thousand dollars, were produced for examination. Following are copies which I have caused to be made of four of these certificates:

CERTIFICATE OF DEPOSIT.

[Stamp.] No. 1625. INTERNATIONAL BANK, *Chicago*, April 16, 1880.
Henrietta Rosenfeld has deposited with this bank one hundred forty thousand* Dollars in Currency, payable in like funds to her order on return hereof.
With 3½-per-cent. interest per annum, on five days' notice.
[$ 140,000*] † 142,082.50
$ 140.000*
2,082.50 ETTLINGER, *Cash.*

CERTIFICATE OF DEPOSIT.

[Stamp.] No. 1244. INTERNATIONAL BANK, *Chicago*, Dec. 3, 1877.
The Chatham National Bank has deposited with this bank eighty thousand Dollars in Currency, payable in like funds to its order on return hereof.
Sixty days after date, with seven-per-cent. interest p. a.
[$ 80,000] 980 Int.
Feb'y 4.
80,980

[Across the face of Certificate No. 1244 is written "Paid Dec. 21, 1877," and the signature Ettlinger, Cash., is crossed out.]

CERTIFICATE OF DEPOSIT.

No. 10010. INTERNATIONAL BANK, *Chicago, Ill.*, May 5, 1880.
Mrs. Henrietta Rosenfeld has deposited in this bank two hundred three thousand Dollars, payable to the order of herself —— in current funds, on the return of this certificate, properly endorsed.
Thirty days after date, with four-per-cent. int. p. a.
[$ 203,000*]
ETTLINGER, *Cash.*

CERTIFICATE OF DEPOSIT.

[Stamp.] No. 1373. INTERNATIONAL BANK, *Chicago*, Oct. 10, 1878.
The Union Natl. Bank has deposited with this bank fifty thousand* Dollars in Currency, payable in like funds to its order on return hereof.
With seven-per-cent. interest p. a. from date, until paid.
[$50,000*]

ETTLINGER, *Cash.*

[The foregoing Certificate, No. 1373, is stamped on its face "Union Nat'l Bank, Paid Oct. 25. 1878, Chicago."]

These instruments are upon their face called "certificates of deposit." They state, for example, that Mrs. Henrietta Rosenfeld "has deposited in this bank two hundred and three thousand dollars." These certificates appear to have been issued, in respect to payment, in three forms: 1st. "On return hereof;" 2. "Thirty days after date;" and 3d. "On five days' notice."

You allege in respect to these transactions: "In point of fact this was simply money borrowed by the bank, and under no fair construction of the statutes can it be regarded either as capital or as a deposit."

In this connection you cite the case of *Bailey* v. *Clark*, 21 Wallace, page 284. In this case the point at issue was whether money borrowed by Clark, Dodge & Co. from time to time, and temporarily, in the ordinary course of their business, formed a part of their *capital* employed in the business of banking, and subject to taxation.

The court held, and I think rightfully held, that the money thus temporarily borrowed was not capital subject to taxation under the laws of the United States. I cannot perceive, however, the authority in this case for holding that money delivered to a bank for which it issued a certificate of deposit payable on the return thereof, or upon so many days' notice, or so many days after date, with an agreed rate of interest, and borne upon the books of the bank as a deposit, should not be treated as a deposit and taxed as such. It occurs to me that all the essential elements necessary to constitute a certificate of deposit meet in all the instruments exhibited to me, and that if it is possible for the International Bank to issue a certificate of deposit, it performed that function when it issued the thirty-two instruments which were placed before me as examples.

In my opinion the money received by the bank and covered by such certificates, was and is liable to taxation under the laws of the United States.

This view of the law is in full accord with other rulings of the Department. The Treasurer of the United States, in passing upon the liability of National banks to taxation, has held (July 5, 1872,) "All deposits are dutiable, whether interest is paid or not." (April 4, 1873,) "A certificate of deposit, payable at a future day, is to be included by a National bank in its average deposits. The note of a National bank payable at a future day, the consideration for which is money loaned to the bank, is also subject to payment of duty as a deposit. Whatever money the bank receives for which it gives its obligation to pay must be treated as a deposit and pay duty as such." (July 23, 1874,) "Money borrowed by a National bank upon its bills payable is subject to semi-annual duty. Banks cannot vary the form of obligation given for money borrowed, so as to exempt deposits from duty." (April 15, 1881,) "The notes or receipts of a National bank payable at a future day, the consideration for which is money loaned to the bank, are subject as deposits to payment of duty."

9. *Overdrafts Carried as Cash Items.*

Under this head you state:

"These items principally result from foreign exchange or Board of Trade operations in this way: In buying foreign exchange, the bank was, in many instances, required to furnish its means to pay for the property against which the bill *was to be* drawn, and these bills were, in many instances, not completed for from three to fifteen days, that is to say, until the bill of lading was furnished. . . .

"The Board of Trade transactions were of the same general character, and involved cases in which the bank paid the checks of its customers for property received by them, before they had an opportunity to deliver it out to other parties and make a deposit of the proceeds. To avoid carrying large overdrafts, which are always objectionable, upon its books, the bank resorted to the method of giving such accounts a fictitious credit, and in the meantime carried what are ordinarily termed debit checks, as a memorandum for the amount credited.

"These fictitious credits are for sums not actually received, and for which nothing representing the sums thus credited had been received. These amounts are charged up by the collector, in his report to the Commissioner, as deposits."

In the oral argument it was stated that "a 'debit check' is a 'memorandum check,' drawn by a person wanting credit beyond his actual deposit of money, and is carried by the bank to the credit of the person asking an overdraft. The customer draws this money by other checks in the regular course of business, which are charged to him."

In the printed argument you state:

"In point of fact the sums shown in the deposit register of the bank would be overdrafts, and would so appear, had not the bank adopted for the reasons stated, and for its own convenience, the system of fictitious credits. Having, therefore, been charged with a fictitious deposit, the bank asks to deduct the amount of that fictitious deposit from the gross sum which includes it."

Upon this subject I will state that a "debit check" drawn upon and delivered to a bank, and passed to the credit of the drawer is not an overdraft, but must be considered, and is, a discount and a deposit. The checks drawn against funds thus credited are not overdrafts, because they are drawn against funds actually appearing on the books of the bank to the credit of the drawer,

It is well settled that where a bank discounts a note for a customer, and, instead of paying him the money in hand, carries the proceeds to his credit, the amount so credited is a deposit subject to taxation. It is obvious that the actual amount of money in the hands of the bank is not increased, but the transaction is equivalent to a delivery of the money to the customer, and its return by him to the bank as a deposit, and is treated accordingly. I am unable to perceive any difference between this transaction and the class of cases cited in the argument where "debit checks" were carried to the credit of customers and they authorized to check against the amount so credited.

"A check on a bank is undoubtedly a bill of exchange." (*Parsons' Mer. Law*, 90), and when discounted would entitle the bank to lawful interest for the use of the money. The checks in question were not ordinary checks to be paid on presentation and *charged* to the drawer, but were given in lieu of notes or bills of exchange as a temporary loan and the amounts were *credited* to the drawer. In my opinion the amounts so credited are deposits in every sense of the word, and subject to be treated as such in ascertaining the amount of the deposits of the bank.

10. *Checks in Transit.*

Under this head you state, "These are checks received during every day's business on deposit at par, and drawn on out-of-town banks, and cannot count as cash until the proceeds are actually received;" and you cite your argument under the headings of "Checks for Clearings" and "Collections."

If these checks are received for collection only, it is clear that they cannot be treated as deposits; but if the bank carries the amount of such checks to the credit of its customer, and he is authorized to check against the same, I am of opinion that they should be treated as deposits.

11. *Money Borrowed on Government Bonds.*

You say: "We are advised that the collector, in his report to the Commissioner of Internal Revenue, charges the bank with money borrowed on Government bonds, the capital of the bank, as a deposit. We are also advised by the bank that the tax on this one item amounts to $8,350, which is in-

cluded in the collector's statement of the amount due to the Government. If the bank from which our information is received, is correct, there can be no question that the charge is entirely erroneous."

Upon this point I will state that in my opinion all moneys coming into the hands of a bank to be repaid at a future day, with or without interest, should be treated as deposits without reference to the character of the instruments issued to evidence the receipt of the money, and whether the repayment of the money be secured by collaterals or not.

In the case cited the bank invested its money in Government bonds, and the amount so invested became exempt from taxation. The bank then uses these bonds to obtain money, and claims that this money also shall be exempt from taxation. In my opinion the money so obtained should be treated as a deposit, and taxed accordingly.

For a number of years the laws of the United States have provided for taxing the capital and deposits of banks and bankers, and have required that semi-annual returns be made of the amount of taxable capital and deposits, and the internal revenue laws provide for the examination of the books and papers, if found necessary, with a view of ascertaining the true liability of banks for taxation.

Under these circumstances, it is expected that every well-regulated bank will have its books kept in a systematic manner, so as to truthfully represent its daily business, and so that an examination of the books will disclose its liability to taxation.

An examination of the books of the International Bank shows that its transactions were entered in regular accounts with its customers in such manner as to disclose the exact condition, from day to day, of each account. A number of special accounts were introduced into the system for the convenience of the bank. Taken as a whole, there seems to be no difficulty in arriving at the liability of the bank for taxation on deposits. The books show the daily balance due to depositors, the amounts held for which certificates of deposit were given, the amount of certified checks which had been charged to customers, the amount of cashier's checks unpaid, and the amount deposited on margins.

The average daily balance on these accounts for the month shows the liability of the bank to taxation on deposits. To allow the deductions which are claimed, would be to impeach the accuracy of the books of the bank, and the truthfulness of the daily entries running through a period of nearly six years. The making of the entries was coincident with the transactions which they represent, the bank was interested in having the entries accurately made, and there is no reason to believe that millions of dollars were entered to the credit of various firms, against which they were permitted to draw from day to day; and yet that the transactions were of so intangible a character that the sums credited, and afterwards actually checked out, should not be treated as deposits. Very respectfully,

GREEN B. RAUM, *Commissioner.*

THE WAYS AND MEANS OF PAYMENT.

To obtain the statistics of the banks as to the proportion of greenbacks, cheques and coin used in their receipts and payments, Comptroller Knox has issued the following circular to all the National banks:

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
WASHINGTON, June 24, 1881.

SIR: I am desirous of obtaining as accurate an estimate as possible of the respective proportions of business done through National banks by the use of actual money and by the use of checks, drafts and certificates; and in order to do so, I have to request that you will keep an accurate account of the

receipts and payments of your bank on the 30th day of June, and the 1st day of October, 1881, and report the same to this office immediately after the dates named (a blank for a report for the first date being herewith enclosed) specifying the amounts of the several items named thereon. As it will probably be impossible for you to give the information asked for after the dates named shall have passed, unless you shall at the time be careful to note down the amounts of the items indicated, it is *particularly* requested that you will take suitable precautions to guard against overlooking the matter.

If there be any items of receipts or payments other than those mentioned on the accompanying form, I will take it as a favor if you will designate their character and insert their amount in your report.

Forms of blank for the report of receipts and disbursements on the 1st day of October, 1881, desired, will be forwarded to you in due course.

Respectfully,

JOHN JAY KNOX, *Comptroller.*

TO THE CASHIER.

———

No.———

———NATIONAL———BANK,

——— ———, ———,

———, 1881.

SIR: In compliance with the request made in your circular letter of June 24, 1881, I have to report that the receipts and payments of this bank on the 30th day of June, 1881, were as follows:

RECEIPTS.

Gold coin.. $
Silver coin...
Currency, viz.: Legal-tender notes, National-bank notes and silver certificates..
*——— checks, drafts, certificates of deposit and bills of exchange received and credited...

Total receipts.. $

PAYMENTS.

†——— checks, drafts and certificates of deposit on this bank paid in coin, $———; currency, $———....................... $
†——— checks, drafts and certificates of deposit on other banks and bankers, paid in coin, $———; currency, $———....
†——— checks and drafts on this bank credited to depositors......
†——— checks and drafts drawn by this bank on other banks and bankers...

Total payments.. $

Very respectfully,

———, *Cashier.*

HON. JOHN JAY KNOX,
Comptroller of the Currency,
Washington, D. C.

* Insert whole number of checks, drafts, etc., received.
† Insert whole number of checks, drafts, etc., paid.

TOWNSHIP BONDS.—The Bangor (Maine) *Commercial* of June 10th, says: "In the case of the holder of a bond of the town of Embden, in this State, issued in aid of the Somerset Railroad, the Supreme Court of Maine holds that the fact of the issue of the bonds in accordance with the vote of the town, set forth upon their face, is assumed to be evidence that the company has fulfilled all the conditions, and that the failure of the Selectmen to place seals on the bonds, or to comply with any mere technical forms cannot invalidate the bonds or relieve the town. This decision affects several hundred thousand dollars of bonds issued in aid of railroads by towns, several of which have already refused to pay their interest."

THE WITHDRAWAL OF BONDS BY NATIONAL BANKS.

WASHINGTON, June 24.

The following regulations for the deposit of greenbacks, before the withdrawal of the bonds deposited for retired circulation, has been issued from the United States Treasury at Washington. A draft of the document was transmitted to the Comptroller of the Currency on May 23:

SIR: No more withdrawals of bonds under section 4 of the Act of June 20, 1874, will be allowed unless there has been previously a deposit of United States notes as required by said section. This will prevent the surrender of bonds which have become redeemable upon the understanding that the proceeds thereof, or some portion of them, shall be deposited under said section.

Very respectfully, JAMES GILFILLAN,
Treasurer United States.

On the 1st June, the Comptroller addressed Secretary Windom as follows:

SIR: I have the honor to inclose copies of letters of the Phœnix National Bank of Hartford, Conn., and the First National Bank of Flint, Mich., dated on the 23d of May, 1881, and of the National Bank of Chester, S. C., of May 20, 1881.

By reference to the letter of the Phœnix National Bank it will be seen that that bank desired the withdrawal of its five-per-cent. bonds, held as security for circulation, which had been called. Upon the payment of said bonds $225,000, or such amount as was necessary, was to be deposited with the Treasurer, and the remainder transmitted to the bank.

The letters from the two other banks made a like request, and other similar letters are continually being received from banks desiring to reduce their capital and bonds or to withdraw called bonds and receive payment therefor.

I also transmit herewith copy of a letter of the Treasurer of the United States of the 23d ult., from which it will be seen that he declined on that day to surrender called bonds or present the same for redemption, with the understanding that a portion of the proceeds should be retained sufficient for the redemption of the notes secured by the bonds withdrawn.

The Treasurer reverses the previous practice of that office, and in effect declines to receive the lawful money, which is paid by the Government in redemption of its bonds, held by a bank desiring to reduce its circulation. He declines to receive gold coin, which is a legal tender, in payment of all debts, and insists upon a deposit of United States notes, which are but promises to pay coin on demand.

I respectfully dissent from the ruling of the Treasurer, and hold that the act properly construed authorizes the receipt of lawful money, which consists of gold and silver coin, which is a full legal tender, and United States notes. I, therefore, request that the papers herewith inclosed be transmitted to the Attorney-General for his construction of section 4 of the Act of June 20, 1874.

This section, as will be seen, provides, first, for the deposit of lawful money with the Treasurer of the United States, and the return of bonds held as security for National-bank notes; and, secondly, for the redemption and destruction of the outstanding notes of the association at the Treasury of the United States, as now provided by law.

The only method for the redemption of National-bank notes at the Treasury of the United States provided by law previous to the passage of the Act of June 20, 1874, was that prescribed in sections 5,222, 5,224 and 5,229 of the Revised Statutes, to which you are referred.

Section 5,226 provides that if any National banking association fails to redeem in lawful money of the United States any of its circulating notes at the office of such association, or at its designated place of redemption, the holder may

cause the same to be protested, and section 5,227 provides that if any National banking association has failed to redeem any of its circulating notes as specified in the preceding section, the Comptroller may appoint a special agent to ascertain if such association had failed to redeem its circulating notes in lawful money, and section 5,230 provides that if the Comptroller is satisfied that any association has thus refused to pay its circulating notes he may dispose of its bonds at public auction, and section 5,234 authorizes him thereupon to appoint a Receiver.

The penalty imposed upon a National bank for the failure to redeem its circulating notes in lawful money is a forfeiture of its bonds and the subsequent appointment of a Receiver; but the law nowhere authorizes the Comptroller to institute any proceedings whatever against any National bank which shall refuse to pay its circulating notes in legal-tender notes. If the special agent authorized under section 5,227 should report that the bank had offered to pay its circulating notes in gold coin, but refused to pay in legal-tender notes, the Comptroller would have no authority for declaring the bonds forfeited or for the appointment of a Receiver.

Section 4 of the act of June 20, 1874, if construed by itself, would seem to be inconsistent in its provisions on account of the use of the words "lawful money" in the first clause of the section, and the words "legal-tender notes" in the second clause. But these two clauses are entirely distinct in their purposes, the first clause conferring certain power and authority on the National banks with respect to the withdrawal of their bonds, and the last clause instructing the Treasurer in regard to the redemption and destruction of the circulating notes of the banks whose bonds are withdrawn. That portion of the section which relates only to the redemption of the notes *after the withdrawal* of the bonds, cannot rightfully modify or lessen the previous plain grant of power conferred upon the banks over such withdrawal. That power, in plain language, is that "*upon the deposit of lawful money* with the Treasurer of the United States" in specified sums, any National bank shall be entitled to take up any excess beyond $ 50,000 of its bonds on deposit as security for its circulating notes. This power is absolute and complete. The concluding part of the section then authorizes the Treasurer *to redeem the circulating notes* of the withdrawing bank" to an amount equal to the legal-tender notes deposited." If the Treasurer shall think it his duty to decline to *redeem* any of such circulating notes, on the ground that he has not received any "legal-tender notes" in place of the bonds withdrawn, or proposed to be withdrawn, it is submitted that that is a matter which cannot concern the banks nor affect their plain right to withdraw their bonds upon complying with the requirement of law, that they shall deposit therefor "lawful money" with the Treasurer of the United States.

The meaning of this clause of the section, if construed in connection with the sections already referred to (5,222, 5,223, 5,224, 5,226, 5,227, 5,229, 5,234, 5,237 and 5,175,) is rendered clear, these sections having provided for the redemption of National-bank notes at the Treasury in the same money (viz.: lawful money) which such associations are required by the first clause of section 4, Act of June 20, 1874, to deposit for the purpose of taking up their bonds. The Secretary is also respectfully referred to the language of sections 7 and 8, Act of June 20, 1874, which expressly provides for the return of bonds to National banks upon a deposit of lawful money.

I have the honor to be, very respectfully,

JOHN J. KNOX, *Comptroller.*

The Attorney-General has rendered an opinion sustaining the views expressed in the letter of the Comptroller. Since that opinion was rendered the Secretary of the Treasury has requested from the Attorney-General his construction of section 3 of the Act of June 20, 1874, upon the point whether the National banks can deposit in the redemption fund gold and silver coin, as well as legal-tender notes, and whether the Treasurer can redeem National-bank notes in coin, the Treasurer holding that legal-tender notes only can be deposited by the banks, and the circulation of the banks redeemed at the Treasury only in such notes. The opinion of the Attorney-General upon this latter subject is awaited with considerable interest.

AUTHORITY OF BANK TO APPLY DEPOSIT IN PAYMENT OF DEBT.

APPELLATE COURT—FIRST DISTRICT. HELD AT CHICAGO.

Home National Bank v. *Newton.*

Where a depositor in a bank is indebted to the bank by bill, note or other independent indebtedness, the bank has a right to apply so much of the funds of the depositor to the payment of his matured indebtedness as may be necessary to satisfy the same.

So, where a bank held the note of a depositor for a certain sum, the bank could on the morning of the last day of grace upon such note, apply to its payment any money of the depositor then remaining on deposit in such bank.—[*Chicago Legal News.*]

WILSON, J.

This was an action brought by Appellee, Levi Newton, against the Home National Bank, upon a check drawn by one Newell upon the bank for $66 50, payable to the order of appellee. Payment was refused by the bank on the ground of want of funds belonging to the drawer.

The facts are substantially these: Newell kept a general bank account as depositor with the bank. On September 21, 1878, he made and delivered to the bank his promissory note of that date, for $1,500, payable to the order of and at the bank, ninety days after date. On the morning of December 23. 1878, which was the last day of grace on Newell's note, and soon after the opening of the bank, the note being unpaid, and still held by the bank, and there being a balance of $300 standing to the credit of Newell on his bank account, and no check or other order of Newell having been presented for payment, the bank appropriated and applied the $300 balance on Newell's note. On the same day about half-past eleven o'clock, and after this balance had been so applied, several checks on the bank, and among them the one in question, drawn by Newell, came to the bank, through the clearing house, for payment, but were returned by the bank unpaid, for the reason that there were not funds of Newell with which to honor them.

The principal question for determination is, whether the bank was authorized to make the application of Newell's balance of account to the payment of his note at the time it did, or whether it could only make such application at the close of business hours on that day.

It is a settled principle that where a depositor in a bank is indebted to the bank by bill, note, or other independent indebtedness, the bank has the right to apply so much of the funds of the depositor to the payment of his matured indebtedness, as may be necessary to satisfy the same; *Morse on Banks and Banking*, 2d Ed. 42 *et seq.; Daniel on Negotiable Instruments; Commercial Bank of Albany* v. *Hughes*, 17 Wend. 94.

And the same rule obtains where a depositor makes his paper to third persons, payable at the bank. As it is the duty of the bank to pay its customers' checks, when in funds, so, at least, it has authority, if it is not under actual obligation to pay his notes and acceptances made payable at the bank. It is a presumption of law that if a customer does so make payable or negotiable at a bank, any of his paper, it is his intent to have the same discharged from his deposit; *Morse on Banks and Banking*, 37. The neglect of the bank to make such appropriation would discharge the indorsers and sureties; *McDowell* v. *Bank of Wilmington*, 1 Harrington, 369; *Dawson* v. *Real Estate Bank*, 5 Pike Ark. 283. The act of thus making his paper payable at a bank is considered as much his order to pay as would be his check, and if the bank pay without express orders to the contrary, it is a defense to a suit by the depositor for the money so paid; *Mandeville* v. *Union Bank of Georgetown*, 9 Cranch. 9. And the rule seems to be settled that if a bank advances the money to pay a note or bill of its customer, made payable at the bank, it may

recover from the depositor, as for money loaned, the paper so made payable being deemed equivalent to a request to pay. He makes the bank his agent, with implied authority to protect his credit by appropriating his deposits to the payment of his maturing obligations, made payable at the bank; *Foster* v. *Clements*, 2 Camp, 17; 9 Cranch. *supra*. These general principles are sufficient to show the relation which exists between a bank and its depositors in respect to the paper of the latter, made payable by its terms at the bank, and they make the bank the agent, not of the payee of such paper, but of the maker.

Without controverting these general principles, it is insisted by appellee that Newell, the maker of the note, had the whole of the last day of grace in which to pay his note, and that as no suit would lie against him for its non-payment until the expiration of that day, the bank was not authorized to appropriate the balance of his account to its payment until the day had expired, or at least until the close of ordinary business hours.

As to whether the maker of a promissory note may be sued on the day of its maturity, or third day of grace, when grace is allowable, after demand and refusal to pay, there is a great conflict in the authorities. The rule in this State is that the maker has the whole of the day in which to pay, and that suit brought on that day is premature; *Walter* v. *Kirk*, 14 Ill. 55. Although it does not appear in that case whether the note was payable at a particular place, nor whether there had been a demand for payment on the last day of grace. This case was followed in *Reese* v. *Mitchell*, 41 Ill. 365; and such seems to be the rule in New York; *Osborne* v. *Moncure*, 3 Wend. 170; *Smith* v. *Aylesworth*, 40 Barb. 144; and in California: *Wilcombe* v. *Dodge*, 3 Cal. 260.

On the other hand it has been uniformly held in Massachusetts that after demand and refusal of payment by the maker of a promissory note or the acceptor of a bill, at any reasonable time on the last day of grace, the note becomes due and payable; and if not then paid, an action may immediately be commenced against the maker or acceptor. Chief Justice Shaw, in a very elaborate and instructive opinion in the case of *Staples* v. *Franklin Bank*, 1 Metc. 43, reviews the English as well as the American cases on the subject, and reaches the conclusion that the weight of authority, and certainly the better reason is that after demand and refusal to pay on the last day of grace, suit may be commenced on the same day. And it would seem that his conclusion is more logical than the contrary rulings, when it is borne in mind that upon demand and refusal on the last day of grace, the paper may be protested forthwith for non-payment.

In Maine it is held that an action may be commenced on the day of the maturity of a note, after demand and refusal: *Greeley* v. *Thurston*, 4 Greenl. 479.

In New Hampshire the court says: "It may now be considered as settled, that notice may be given and suit brought against the indorser on the last day of grace, after demand and notice:" *Dennis* v. *Walker*, 7 New Hamp. 201.

In Maryland, in the case of *Farmers' Bank* v. *Duval*, 7 Gil. and Johns. 89, the court said, it is settled that demand may be made on the last day of grace, and if payment be not made, the holder may at once treat the note as dishonored.

It is not, however, stated in terms, that an action may be at once brought.

In South Carolina, *Wilson* v. *Williman*, (Nott & McCord, 440), it was decided by a majority of the court, that the maker may be sued on the third day of grace, after demand. Chief Justice Shaw remarks that the general rule in regard to the payment of debts for rent, on bonds, for goods sold on credit, and the like, is that the debtor has until the last hour of the day in which to make payment; but that the case of bills and notes is treated as an exception to the rule.

In Kentucky the Supreme Court follows the rule in Massachusetts, and holds that the contract of the maker of negotiable paper is broken by a refusal or neglect to pay on the last day of grace, after demand made, and the holder has a right of action on the same day: *Coleman* v. *Ewing*, 4 Humph. 241.

Mr. Daniel, in his work on negotiable instruments, states the doctrine thus: "But when the maker of a note, or the drawer or acceptor of a

bill, makes it payable on a day certain, his contract is to pay it on demand on any part of that day, if made within reasonable hours.

"The protest must be made on that day, which presupposes a default already made, and whether it be the last day of grace, or day of maturity when there is no grace, it is clear upon principle that as soon as payment is refused, the action may be commenced."

In *Edwards on Bills*, Sec. 549, it is said: "The acceptor of a bill whether inland or foreign, and the maker of a promissory note should pay it on demand made at any time within business hours of the day when it becomes payable, and if it be not paid on such demand, the holder may instantly treat it as dishonored; but the maker or acceptor has, as we have seen, the whole of that day on which to make payment; and though he should in the course of the day, refuse payment, and thus entitle the holder to give notice of dishonor, still if he makes payment afterwards and on the same day, it will be sufficient, and will render the notice of dishonor of no avail."

Mr. Justice Weston, in *Flint* v. *Rogers*, 3 Shepley, 67, observed that it is a little remarkable that there is no direct English authorities upon this point. In *Lefty* v. *Mills*, 4 Term. R. 170, there is a dictum of Lord Kenyon to the effect that suit could not be brought until the day following the third day of grace; but Buller, J., in the same case said: "I cannot refrain from expressing my dissent to what has fallen from my Lord, respecting the time when bills of exchange may be enforced. . . . The nature of the acceptor's undertaking is to pay the bill on demand on any part of the third day of grace, and that rule is now so well established that it will be exceedingly dangerous to depart from it."

But assuming the rule to be that an action will not lie against the maker of a note or the acceptor of a bill until after the expiration of the day of payment, it by no means follows that it is not his duty to pay it on that day, nor that a banker at whose counter the instrument is made payable is not authorized to pay it on presentation and demand at any time during usual business hours on the day of its maturity. By all the authorities a note or bill is *due and payable* on the last day of grace, or when grace is not allowable, on the last day it has by its terms to run.

In all the cases above cited the contract of the maker or acceptor is held to be to pay on that day, and for a failure to pay on demand and presentation on that day he is in default and his paper dishonored, even though he may not be liable to an action until the following day.

In those cases where a demand and refusal are necessary in order to charge the indorser of a note, or bill, it is essential to the fixing of their liability, that presentment should be made on the day of maturity, provided it is within the power of the holder to make it; *Daniel on Negotiable Instruments*, § 598; *Parsons on Notes and Bills*, 373.

If the presentment be made before the bill or note is due, it is premature and nugatory, and so far as it affects the drawer or indorser, a nullity. And if it be made after the day of maturity, it can as a matter of course be of no effect, as the drawer or indorser will already have been discharged, unless there were sufficient legal excuse for the delay; *Daniel, supra*; *Griffin* v. *Goss*, 12 John. 423; *Jackson* v. *Newton*, 8 Watts, 401; *Farmers' Bank* v. *Duvall*, 7 Gill. and John. 78; *Mechanics' Bank* v. *Merchants' Bank*, 6 Met. 13.

As a bill or note is payable on the last day of grace, or when there is no grace, on the day of its maturity, the maker or acceptor has the right to pay it on that day, though he cannot pay it on the day before without the consent of the holder. By making his note payable at the Home National Bank, Newell authorized the bank to pay it at maturity. He constituted the bank his agent, and directed it to pay the note on the day it fell due. The act of making the note payable there was, as we have already seen, a direction to the bank to appropriate any moneys he might have on deposit to the payment of his note, so far as might be required for that purpose, on the day of its maturity.

The law knows no parts of a day in respect to the maturity of commercial paper; Newell's note was equally due at ten o'clock in the morning as at three o'clock in the afternoon, and it is no answer to say that an action for its

non-payment could not be brought against him for its non-payment until the following day.

He authorized his agent to pay it on the day of its maturity, and this must be construed to mean at any hour of that day.

The making of the note payable at the bank was Newell's order to pay it, and the payment was not limited to any particular hour of the day. In large commercial cities one of the ends to be subserved on the part of merchants and other business men in making their paper payable at a bank where they keep their funds, is that the bank may see that their credit is protected by the payment of their paper promptly at maturity, and thus avoid the risk of a protest. And it has been ruled that if a note payable at a bank in which the maker has funds, at the maturity of the paper, be allowed to go to protest for non-payment on the day of its maturity, although the bank had no instructions to pay the same, the bank is liable for damages for injury to the credit of the maker; *Morse on Banks & B.* 37; and see *Thatcher* v. *Bank of New York*, 5 Sandf. 121.

And such a rule, we think, is based on the soundest principles of reason and justice, as tending to stimulate watchfulness and care on the part of bankers in protecting the credit of business men and others with whom they have dealings.

No other presentation for payment was necessary than was made. The note was at the bank, and, at the opening of banking hours on the day of its maturity, was at the place of payment and in the custody of the holder, and the funds of the depositor were applied to its payment.

From what we have said, it seems clear that if the note had been held by a third person, and been by the holder presented for payment during the first banking hour, the bank would have been justified in paying it, to the extent of the funds on deposit to Newell's credit, and we do not think that because the bank was the holder and owner of the note, it occupied a position any less favorable than it would had the note been held by a third person.

We are, therefore, of the opinion that the plaintiff was not entitled to recover.

The judgment of the court below must be reversed.

Judgment reversed.

TAXATION OF NATIONAL-BANK SHARES.

UNITED STATES CIRCUIT COURT, N. D. NEW YORK, APRIL, 1881.

First National Bank of Utica v. *Waters.*

In an application by a National bank for an injunction to restrain a State tax collector from collecting a tax upon its shares, *held*, that when the laws of the State for the taxation of general corporations and the exemption of their shares did not furnish the rule for the taxation of moneyed corporations, or of capital invested in private banking, or of personal property generally, the fact that one rate of taxation was imposed upon shareholders in corporations other than banks, and another higher one upon those in banks, was not a ground for granting the relief asked for.

It would seem that the term "moneyed capital in the hands of individual citizens," used in United States Revised Statutes, section 5219, relating to the taxation of National-bank shares, more aptly describes ready money or capital invested in private banking than that invested in other corporations.

Held, also, that a departure from the statutory requirements for the assessment of taxes amounting only to an irregularity, and not rendering the tax void, would not be ground for enjoining its collection.

Action to restrain the collection of a tax. Sufficient facts appear in the opinion.

WALLACE, D. J.

The complainant moves for a preliminary injunction to restrain the defendants from the collection of taxes assessed against its several shareholders on the ground, first, that the laws of this State impose one rule of assessment and taxation upon shareholders in corporations other than banking associations, and another upon banks, whereby a higher taxation incidentally rests upon the latter, and as to shareholders of National banking associations, thereby violates the rule of uniformity prescribed by section 5219, Revised Statutes United States; and on the second ground, that the particular tax in this case was illegal, because of a departure in imposing it from the statutory requirements prescribed for the assessment and collection of taxes.

The defendant Waters is tax collector for the ward in the city of Utica in which the complainant's bank is located. The defendant Kohler is Treasurer of Oneida County, and has no control over the collector and no part in collecting the tax until the collector has returned his warrant unsatisfied. While he may be a proper party, he is not a necessary one to the controversy, and it is to be determined as though the collector were the sole defendant.

Upon the first ground on which the motion is predicated, some remarks in the opinion of *Albany City Bank* v. *Maher* may suggest the inference that I was disposed to hold, that if the laws of the State did make a discrimination for the purpose of taxation between shareholders in National banks and shareholders in corporations generally, against the former, the taxation under such laws would be illegal as contravening the law of Congress. But that case did not involve the point now made, and was argued and considered solely upon the provisions of the tax laws of 1880, and without regard to that section of the general laws which exempts shareholders from taxation when the corporation is taxed upon its capital stock or personal property.

Assuming that bank shareholders are taxed by the laws of this State at a higher rate than is imposed upon shareholders in other than moneyed corporations, the question now is, are they taxed at a greater rate than is assessed "upon other moneyed capital in the hands of individual citizens of the State" within the meaning of the law of Congress. Does the taxation imposed by the laws of the State upon individuals, on account of that part of their personal property represented by shares of stock in corporations other than moneyed corporations, constitute the test and rule by which to determine what taxation is imposed upon moneyed capital in the hands of individual citizens, or is that test to be found in the laws which tax personal property generally? Or does the taxation of neither of these subjects of taxation furnish the test, and is it to be found in the taxation imposed by the laws of the State upon that part of the personal property of its citizens which consists of money or shares of stock in moneyed corporations?

These questions have been answered adversely to the complainant's theory in several cases which have been considered by the Supreme Court of the United States.

It was the object of the act of Congress to permit the State, which creates corporations or allows them to exercise their franchises within its limits, to tax them as its own policy may dictate, and by its system to foster them by light taxation or discouraging them by onerous taxation, without thereby establishing a rule to control its taxation of the shares held by its citizens in National banks.

The States have no power to tax the capital of National banking associations, but are granted the power to tax the moneyed capital of its citizens invested in such shares to the same extent as though it remained uninvested therein. The citizens of a State may invest their moneyed capital as they choose, and must accept the measure of taxation which is imposed by the State on the character of the investment they have selected. If they choose to invest it in corporations or joint-stock companies, they must submit to have it taxed upon the principles which the State has adopted, or may adopt for the taxation of such corporations or joint-stock companies. As the policy of the State may dictate different modes and measures of taxation for different classes of corporations, it would be difficult, if not impossible, to ascertain the measure of taxation for National-bank shares by that prescribed for capital invested in other corporations. Thus, while life-insurance companies are taxed by a fran-

chise tax and taxation of the shares exempted, other corporations are taxed upon their capital stock, while in others still the shareholders are taxed upon their shares. Which class of corporations would furnish the rule of taxation of shareholders in National banks? The section should be so construed as to obviate this difficulty, and prescribe a rule capable of practical application.

Recognizing the force of such considerations, it has been held that the State, by exempting certain classes of taxable property, partially or wholly, from taxation, does not thereby adopt a rule of taxation which must be applied to National-bank shares under the law of Congress. As was said by the Chief Justice in *Hepburn* v. *School Directors*, 23 Wall. 480: "It could not have been the intention of Congress to exempt bank shares from taxation, because some moneyed capital was exempt."

In *People* v. *Commissioners*, 4 Wall. 244, a deduction or allowance was made under the laws of the State in assessments against individuals and insurance companies on account of investments in the securities of the United States, while none was made in assessing the relator upon his shares in a National bank, and the tax was sustained. In *Gorgas' Appeal*, 79 Penn. St. 149, the State laws exempted all mortgages, judgments, recognizances or moneys owing upon articles of agreement for the sale of real estate, and it was held that such exemption did not preclude the State from taxing National-bank shares to the same extent that moneyed capital other than of the character exempted was taxed. In *Hepburn* v. *School Directors*, 23 Wall. 480, the precise question presented in *Gorgas' Appeal* was ruled in the same way. When an exemption or deduction is allowed by the laws of the State, which is of such general operation as to affect all classes of taxable property, it must be allowed in assessing shares in National banks, because it necessarily is the rule of assessment. The deduction was of this character in *Albany Exchange Nat. Bank* v. *Hills*, and because it was so recognized in assessing the National-bank shares, the assessment was declared void.

Moneyed capital cannot be said to be exempt from taxation by the laws of this State, because that portion of it which is invested in the shares of various classes of corporations is exempt. Not only does the State tax moneyed capital generally, but the capital invested in these corporations is taxed in the hands of corporations. If thereby any irregularity is produced, more would result if shareholders in National banks were wholly relieved from taxation.

Precisely what is signified by the language of the act of Congress, which declares that the taxation shall not be at a greater rate than is imposed by the laws of the State upon "moneyed capital in the hands of individual citizens," has never been judicially declared, although it has several times been determined what was not such moneyed capital.

In *Lionberger* v. *Rouse*, 9 Wall, 468, it is stated that the enactment was intended to place National banks on an equality with State banks, as to the taxation of their shares by the State. In *Hepburn* v. *School Directors*, 23 Wall. 484, it is said that moneyed capital, as used in the section, signifies something more than money lent out at interest, and comprehends investments in stocks and securities. In *Adams* v. *Mayor of Nashville*, 95 U. S. 19, the opinion is that "the act was not intended to curtail the State power on the subject of taxation. It simply required that capital invested in National banks should not be taxed at a greater rate *than like property similarly invested.*"

It would seem that the term "moneyed capital in the hands of individual citizens" more aptly describes ready money or capital invested in private banking than it does capital invested in manufacturing corporations, insurance companies and the like. As originally used in the National Banking Act, section 41, it signified something different from capital invested in State banking corporations, because it was provided originally that the taxation by the States should not exceed that imposed on moneyed capital in the hands of individual citizens or that imposed "upon the shares in any of the banks organized under authority of the State." 13 Statutes at Large, 112. It is hardly appropriate to call shares in manufacturing or insurance corporations "moneyed capital in the hands of individual citizens," and if it had been intended to include all capital thus invested, it would have been easy to do so under some such comprehensive term as personal property. It seems more reasonable to believe

that while Congress was legislating to place National-bank shares on an equality with State-bank shares, it was thought expedient to place them on an equality also with the capital employed in private banking, and thus relieve them from the danger to which corporations are sometimes exposed by local prejudices

But whether this view is correct or not within the cases referred to, the laws of this State, for the taxation of general corporations and the exemption of their shares, does not furnish the rule for the taxation of moneyed corporations, or of capital invested in private banking, or of personal property generally, and the complainant must fail upon this branch of its case.

As to the second ground upon which the motion rests, as the collector is a ministerial officer who must obey the mandate in his hands for the collection of the tax, the complainant cannot succeed unless the tax is void, because illegal as distinguished from irregular. The assessment-roll and warrant annexed for the collection of the taxes constitute the mandate of the officer, and the legality of his proceedings under them may be determined by the principles which apply to the case of an officer acting under a judgment and execution.

The rule is thus stated in *Erskine* v. *Holmback*, 14 Wall. 613. If an officer or tribunal possess jurisdiction over the subject-matter upon which judgment is passed, with power to issue an order or process for the enforcement of such judgment, and the order or process issued thereon to a ministerial officer is regular on its face, showing no departure from the law or defect of jurisdiction over the person or property affected, then, in such cases, the order or process will give full and entire protection to the ministerial officer against any prosecution which the party aggrieved may institute against him, although serious errors may have been committed by the officer or tribunal in reaching the conclusion or judgment upon which the order or process issued.

Tested by this rule. the collector in the present case is protected by his warrant in collecting the tax.

Doubtless the fair construction of the Revised Statutes, and the charter of the city of Utica, requires that when the assessment roll for a given ward is delivered by the board of supervisors to the treasurer of the city of Utica, the amount of the tax paid by each taxpayer shall have been extended and shall appear upon the roll. But everything has been done which was required to give the board of supervisors jurisdiction, for the purposes of equalization of taxes and for carrying out the details of the assessment, which the assessors had made. The board of supervisors had determined the rate, and the assessors had determined the valuation. It was the duty of the city clerk of Utica to extend the tax. He omitted to do so, as to the stockholders of the complainant, until after the roll had been delivered to the treasurer. From the nature of the act, and from the character of the official to whom it is intrusted, the act is evidently a clerical one. No substantial injury could result from the omission to perform it. The computation and insertion of the amount of the tax after the roll had been delivered to the treasurer was an irregularity. It was done by the person whose duty it was to do it. It was done after all the data to be ascertained by the assessors and the board of supervisors had been ascertained according to law. In effect and character, it was as though the clerk of a court in entering a judgment had computed the sum adjudged due when the verdict of a jury or the decision of a judge had determined everything essential to the judgment, except the result of a mathematical computation. No one would contend that such a judgment would be void.

When the assessment roll and warrant came to the hands of the collector, they were apparently regular. In the case of *Albany City Bank* v. *Maher*, the assessors had omitted to perform an act pre-requisite to their authority to make any assessment, and the assessment was therefore void. Here it was simply irregular. In *Bellinger* v. *Gray*, 51 N. Y. 610, and in *Westfall* v. *Preston*, 49 id. 349, the defect in the proceedings by which the tax was imposed appeared in the papers which constituted the process of the collector for collecting the tax.

The complainant cannot succeed upon either branch of its case.

Motion for injunction denied.

ANNUAL CONVENTION OF BANKERS.

The following circular has been sent to all the banks, bankers, Savings banks and Trust Companies in the United States:

THE AMERICAN BANKERS' ASSOCIATION,
NEW YORK, June 9th, 1881.

DEAR SIR: At a meeting of the Executive Council, held to-day at this office, a resolution was unanimously adopted that our annual Convention shall be held at Niagara Falls, N. Y., on the 10th, 11th and 12th of August next. Chicago, Cincinnati, St. Louis, Indianapolis, Saratoga, and other places were suggested by many of our members, but the importance this year of having a large delegation from the South and West. as well as from other sections, has led the Council to believe that the interests of the Association will be best promoted by deferring to the future the pleasure of meeting at Chicago and the other places, and by holding the Convention of next August at Niagara Falls.

We trust this arrangement will accord with your convenience, and that you will do all you can to promote the practical benefits resulting from the Convention to the banking interests of the country. Your bank is entitled, and is respectfully requested to send one delegate to attend and vote at the various sessions of the Convention, and to take part in its discussions.

The multitude and importance of the financial questions upon which our representatives in Congress and the State Legislatures are seeking trustworthy information, the growth of our National wealth, and the rapidity with which our banking and industrial system has augmented in this country, impart special interest to the work of our Association; and the proceedings of its Conventions are of vital importance to other classes of citizens as well as to those who are connected with the banking business, as officers, shareholders, or dealers. We shall prepare and lay before the Convention a report on bank taxation, showing what has been done and is doing to relieve the banking business from part of the burdens of taxation. The duty and the interest of bankers and bank officers in these matters are so plain, and the ruinous taxation of the banks bears so heavily upon the productive growth of the nation, that a conspicuous place will, no doubt, be given to the subject of tax repeal in the programme of our annual Convention. More full details will be announced as to the topics and speakers when the Committee of Arrangements have completed their plans. In introducing the discussions, addresses will probably be given upon the future currency of this country, the perils and safeguards of the financial situation, the industrial growth of the West and South, the improvement of business since resumption, the causes of monetary panics, the influence of railroad and telegraphic facilities on commerce and banking, the dependence of the country upon the banks for the stability of business, for the decrease in the rates of interest, for the success of resumption, and for the saving effected by the refunding of the public debt Reports and documents will also be presented on various topics, among which are the recent absorption of currency, the International Monetary Conference, the rise and prospects of the through trade between the West and Europe; the growth of our Clearing-house system; the importance of ample cash reserves, and of publicity in the accounts of our banks; the history and development of banking in the United States; the causes of economic growth and decadence; the influence of sound banking upon credits; and the financial conditions which promote the prosperity and productive powers of the nation.

Much of the usefulness of our Association depends on its arrangements for promoting social feeling, and making its members better acquainted with each other. This important object claims special attention. To augment the personal interest of our meetings, reminiscences of banking and bankers will have

a place allotted to them, and familiar addresses will be in order, as well as more elaborate sketches of institutions and their officers; some practical questions as to foreign banking systems and as to the bankruptcy law will probably receive attention, with the judicial and legislative proceedings on the subject of taxation and usury during the year.

At your convenience we shall be glad to hear from you upon any of the foregoing topics. Please to send us the names of any gentlemen whom you desire to hear address the Convention, mentioning the subjects on which they should be invited to speak. It has been urged that speeches should be limited to ten minutes, and that the members generally interchange opinions in brief extempore addresses, so that as many of our members as desire it may have an opportunity to speak during the limited time of our three sessions.

We shall send you a revised copy of our Mortuary Record as soon as it is completed. It contains more than 150 names, and much care has been taken to insure accuracy. Any information to be inserted in it should be mailed to us at your earliest convenience.

Yours truly, GEORGE MARSLAND,
Corresponding Sec'y.

BANK CLERKS' MUTUAL BENEFIT ASSOCIATION, OF PROVIDENCE, R. I.

The Eleventh Annual Meeting of the Association was held on Wednesday, April 20, 1881. The Report of the Board of Management states that on the 24th. of June, 1880, the Board voted to declare that the Membership Fund was "Established," in accordance with Article V, Section 4, of the Constitution; the amount of one hundred dollars for each membership having been accumulated, independently of the Donation Fund.

The amount of the Membership Fund at the present time is $ 12,170 44; Donation Fund, $ 1,647 91; Total, $ 13,818 35; being an increase during the year, after paying a loss of $ 500, of $ 1,315 73.

The market value of the stocks owned by the Association is considerably above the cost price, at which they are held; and the investments have netted a fraction more than six per cent. income. The report goes on to say: "A portion of our members, thirteen in number, have become Advanced Members, and are now receiving the benefit of our system of payments, in the discontinuance of their quarterly dues. Owing to this, it is estimated that the income from membership dues will be diminished next year by about $ 190. It will be remembered that the families of advanced members are entitled, in case of death, to Six Hundred Dollars. The present number of members is ninety five. There are thirteen double memberships; total, 108. . . .

"The Board recommend abolishing the sixty days rule, for the following reasons: Additions of young blood are important to the healthy condition of the finances, as well as desirable for the social interest of the Association. The larger the membership the better the chance for averaging losses, and for maintaining in the banks an interest in the Association. Though the present arrangement is perfectly equitable, inasmuch as new members receive a full share of the benefits of the accumulations of ten years, for which they are required to pay only one year's dues, while old members have paid ten years, still the Board and the Membership Committee, after long observation of the working of this requirement, have come to the unanimous opinion that the welfare of the Association will be better promoted by an increase of members, than by retaining this rule. It might appear at first sight, that by repealing the rule the Association would lose one year's dues from every member received under it; but this is not the case. For, as every member must pay in $ 100 in dues, it will make but very little difference to the Association in the majority of cases, whether more or less is paid the first year. Nevertheless, the rule operates as an obstacle that prevents some persons from

becoming members; and it is for this reason that the Board favor its repeal. But, while they do so, they very firmly hold that the security of the Association requires adherence to the original scale of annual payments without change, in order that the Fund may be continually maintained at a point adequate for the demands that are certain to be made upon it in the future, when the ratio of mortality shall increase with the advancing age of the members."

The following are the officers of the Association for the year ending April, 1882:

President—MOSES E. TORREY, Cashier Roger Williams National Bank. *Vice Presidents*—GEORGE C. NOYES, WILLIAM T. DORRANCE, 2d, RICHARD M. SANDERS. *Secretary*—FRANCIS E. BATES. *Treasurer*—WILLARD I. ANGELL. *Directors*—GEORGE E. MARTIN, WILLIAM KNIGHT, SAMUEL H. TINGLEY, GILBERT A. PHILLIPS.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. PARTIAL PAYMENT OF NOTE BY A BANK.

Enclosed is a report clipped from a morning paper.*

Do you think a bank having a balance of $300 to a party's credit is *obliged* (as one paper reports the case), or even "justified" (as the enclosed excerpt has it), in applying that amount on a note of $1,500, made by the party whose account has the $300 to credit?

I was under the impression that when a party ordered his bank to pay his note at maturity by making it payable at said bank, his order to the bank was to pay the exact amount of the note and neither more *nor less*. And that if there were not sufficient funds it was the duty of the bank to reply to the demand for payment in the words, "not sufficient funds."

It might make a good deal of confusion if a bank is obliged to apply on any note which may happen to be presented for a greater sum than the balance at credit of maker's account, said balance on the note, and take receipt for it, the holder of the note still retaining it for balance due.

REPLY.—When a customer makes a note payable at his bank, and requests the bank to pay it on presentation, the note, as between the maker and the bank, becomes precisely like a check and is, we think, governed by the same rules. It is perfectly well settled that a bank is not obliged to pay a check, unless the drawer's balance is sufficient to cover it. Whether it would be justified in making a partial payment is, we believe, a question which has never been decided: and it is one which must very seldom arise, because it is the universal custom of banks not to make partial payments, but either to throw the check out, or pay it in full and rely upon the drawer to make up the overdraft.

It seems to us, however, that the decision quoted by the inquirer is correct, though we should give a somewhat different reason for it. The bank, being itself the holder of the note, had a right to present it for payment at its own counter, at the beginning of the business day upon which it fell due. And, although the maker would have until the end of that day to pay the

* The decision alluded to is published in full in this number. See page.

note, if it were not presented earlier, still he was bound to have the funds ready to pay it whenever it was presented on that day, and it could have been immediately protested as dishonored if payment had been refused. The bank, therefore, had a right to treat the note as an indebtedness from the maker to itself, due and payable at the beginning of the business day. It would be most extraordinary doctrine to say that the bank had not an immediate right to apply the maker's balance, as far as it would go, to the payment of that indebtedness, but must honor his subsequent checks and allow him to increase his debt to the bank, simply because his balance was not sufficient to pay the note in full. It has repeatedly been decided that the previous application of a customer's balance towards the payment of notes, or other claims against him, held by the bank is a sufficient excuse for a refusal to honor a check. We notice that in this case the check was treated as an assignment of the deposit, which, upon correct principles of law, it was not; although this was not a matter of importance in the consideration of the particular question raised.

II. Death of Drawer before Date of Check.

In April last A purchased a bill of goods, giving in payment his check, dated May 17. On May 12 he died. There being no funds to meet it, the check went to protest. Can this check be presented as a valid claim against the estate, and does the death of drawer, before the check became due, in any way invalidate the claim?

Reply.—It has commonly been said that a check is revoked by the death of the drawer, though the correctness of this rule has been questioned, and we think upon sound reasons, by Mr. Daniel, the author of the work on *Negotiable Instruments*, in an article in the number of this Magazine for February, 1879, page 619, to which we especially refer the inquirer. Assuming, however, that Mr. Daniel's views of the question are not adopted, and following what has generally been said to be the law, then the check which was given in this case was revoked by the death of the drawer, and, having been revoked before it could legally be presented for payment, it cannct be used as evidence of money lent, but the holder will be obliged to present his claim against the estate of the deceased as a debt due for the bill of goods sold, and the check can only be used as an acknowledgment of that indebtedness made by the deceased in his life time.

Purchase by a National Bank of its own Shares.—*Johnston* v. *Laflin.* —The owner of shares in a National bank, which he believed to be solvent, sold them to a broker for a consideration, executing a power of attorney in blank, authorizing their transfer on the books of the bank. The shares were purchased by a broker, but without the knowledge of the owner, for the president of the bank. The latter caused the name of his clerk to be inserted as attorney, the clerk then transferring the shares to the president as trustee, on the bank's official stock register. The president purchased the stock for the bank, and with its funds. The clerk knew of this fact, but neither the broker nor the owner did. *Held*, that the sale to the broker could not be impeached as in violation of the statute forbidding the purchase by a National bank of its own shares. United States Supreme Court, April 18, 1881.

BANKING AND FINANCIAL ITEMS.

NOTICE.

With a view to promoting the greater usefulness of both publications, the undersigned will hereafter devote his special attention to the editorial work of the **Bankers' Almanac and Register**, leaving that of the BANKERS' MAGAZINE under the charge of Dr. George Marsland, as elsewhere announced.

The Second Edition for 1881 of the BANKERS' ALMANAC AND REGISTER and the "July Supplement," furnished to annual subscribers, will be ready by July 15th, or earlier. BENJ. HOMANS, *Publisher.*

CONTINUANCE OF FIVE-PER-CENTS.—The amount of five-per-cent. coupon bonds received for continuance at three-and-one-half per cent. up to June 28th, including those presented at the London agency, was about $89,000,000. A statement prepared in the office of Register Bruce shows that there have been issued of the extended fives to date, on account of registered bonds, $185,991,200; on account of coupon bonds, $31,884,350; total, $217,875,550.

NEW MINT REGULATIONS.—The Hon. Horatio C. Burchard, Director of the Mint, has just completed a revision of the volume of "Instructions and Regulations in Relation to the Transaction of Business in the Mints and Assay Offices." The principal feature in the revised edition is the increase of the melting charge from fifty cents on deposits of 500 ounces or less to $1 on deposits of 1,000 ounces or less. The new volume, it is understood, will be ready for distribution at an early day.

PROPOSED NEW BANKRUPT LAW.—Senator Ingalls, of Kansas, Chairman of the sub-Committee authorized to consider the question of establishing uniform bankruptcy laws, has sent out a circular to merchants, manufacturers and business men in all parts of the country, saying: "The Committee desire to ascertain whether, in the opinion of those most interested and most competent to judge, the commercial business of the country requires the early enactment of a permanent National bankrupt act In any measure that may be used hereafter as may be compared with the law of 1867: First—Should the officers be compensated by fixed salary or by fees? Second—Should the power of Registers be increased or diminished? Third—Should the amount of indebtedness authorizing the filing of a petition of voluntary bankruptcy exceed $300? Fourth—Should composition settlements be continued? Fifth—Should the discretionary powers of the court relative to the granting of discharges be enlarged?"

INCREASE OF THE PENSION LIST.—Now that we are disbursing so large a sum from the Treasury every year for pensions, there is less prospect of our paying off the public debt as rapidly as formerly. Mr. Bentley, late Commissioner of Pensions, states that the number of new pensions granted during the present year will be about twenty five thousand, exclusive of the old pensions connected with the war of 1812. This is an increase of more than sixty per centum over the number granted last year. Next year the number is expected to be forty-five thousand. It is said that the pension appropriation this year was $50,302,306.68, and it has all been expended, so that the Commissioner has been compelled to carry over into July nearly all the May and June settlements. Mr. Bentley estimates the requirements for the first payments at about $5,000,000. This, added to the expected increase in the settlement next year, will run the amount for 1882 up to nearly or quite $90,000,000, so there will be required for the pensions next year an appropriation of $40,000,000 in addition to the $50,000,000 already appropriated. New claims continue to be made under the provisions of the recent law. There have been filed this year upward of thirty thousand new original claims.

THE IMPROVING BALANCE OF TRADE.—Our exports of produce were $8,616,859 in excess of our imports for the month of May last, against only $789,797 for the same month last year, and for the first eleven months (ended with May) of the current fiscal year were $255,156,135, against $156,066,171 for the same period last year. For the eleven months our imports of specie exceeded our exports by $92,190,802, against $75,713,531 for the corresponding period in 1879–80.

THE BUFFALO BANKS AND THEIR CONVENTION ARRANGEMENTS.—The arrangements for the Annual Convention of the influential body in August next, at Niagara Falls, are being rapidly perfected. Mr. F. R. Delano, Cashier of the Cataract Bank, is the Registrar of the Convention, and to him the members are expected to report, so as to receive from him their tickets to the Suspension Bridge, Prospect Park and Goat Island. The meetings will be held in the Prospect Park Pavilion, August 10th, 11th and 12th, and from the present indications the number of members and their families will be large. The local sub-committee on transportation and reception are as follows: N. G. Nolton, Cashier Bank of Commerce, Buffalo; Henry Martin, President Manufacturers and Traders' Bank, Buffalo; Jas. R. Smith, Vice President Merchants' Bank, Buffalo; F. L. Danforth, Cashier Bank of Attica, Buffalo; F. Gorton, President Flour City National Bank, Rochester; William R. Seward, Cashier Bank of Monroe, Rochester; F. R. Delano, Cashier Cataract Bank, Niagara Falls; T. T. Flagler, President Niagara County National Bank, Lockport; C. H. Tew, Cashier City National Bank, Jamestown. These gentlemen will convene at the International Hotel, July 4th, to aid in promoting a full delegation of the bankers and bank officers at the Convention from all parts of the country.

BOSTON.—Mr. John K. Hall having resigned, on account of advanced age, his position as cashier of the National Bank of North America, Mr. A. F. Luke, hitherto assistant cashier, was elected to fill the vacancy.

VERMONT.—Silas M. Waite, ex-President of the First National Bank of Brattleboro, came into the United States Court on June 15th and pleaded guilty to the first and fourth counts of the first indictment against him, charging him with making a false return to the Government officials under the National Banking Act, and was sentenced by Judge Wheeler to six years' imprisonment in the House of Correction.

In the United States Court, at Windsor, Vermont, on June 15th, Silas M. Waite, ex-President of the First National Bank of Brattleboro, pleaded guilty to two counts of the first indictment against him, charging him with making false returns to the Government officials under the National Banking Act. He was sentenced to six years' imprisonment in the House of Correction.

EXPLOITS AND ARREST OF A BANK BURGLAR.—On the 28th June, at San Francisco, James Hope, the notorious bank burglar, was arrested at San Francisco, while attempting to rob the bank of F. Berton & Co. He is about fifty years old, and is said to be worth from $100,000 to $500,000. The night before the Manhattan bank burglary in this city, he was seen on a Bleecker street car with his son John, now serving a term in State prison for the burglary. The senior Hope had a hand in nearly all the great bank burglaries for the past sixteen years. Twelve years ago he was arrested for a robbery committed in Philadelphia, a paymaster's safe in the Navy yard having been broken open. He managed to evade a conviction, and shortly after this he was arrested at New York on suspicion of being concerned in a robbery, but he was released. Early in 1878 he, and a companion named Coakley, were arrested at Deep River, Conn., after a bank vault had been broken open. Hope will now, it is believed, meet his deserts. He is said to have been implicated in the following bank robberies: Wellsboro Bank, September, 1874, $90,000 stolen; Beneficial Savings Bank, Philadelphia, April, 1869, $1,300,000 stolen; Kensington National Bank, Philadelphia, February, 1871, $100,000 stolen; Milford, N. H., Bank, October, 1874, $100,000 stolen; Saratoga County Bank, Waterford, N. Y., October, 1872, $500,000 stolen; Third National Bank of Baltimore, August, 1872, $140,000 stolen, and the First National Bank of Quincy, Ill., February, 1874, $500,000.

THE COMPTROLLER OF THE CURRENCY, referring to his circular asking for returns of currency and coin and of representative money, on the 30th instant, has requested the banks in the large cities to return, under the head of gold and silver coin, only the actual coin received and paid out on that day. If Clearing-house or Treasury-gold certificates are paid or received, the banks are requested to state the amount of such certificates separately. The Comptroller's circular will be found in full upon another page.

It is desired to obtain from all the banks in the country information of their transactions upon two different days of the year, similar to that furnished by the New York Clearing House of its daily transactions. The returns from the banks will, however, for the two days specified, be more comprehensive, as they will contain, not only the exchanges, but the receipts and payments over the counter of each and all of the banks, in coin, in currency, and in checks, drafts and other evidences of debt payable on demand. Among the English banks an effort is making to collect similar statistics, by Mr. Geo. H. Pownall, an officer of the Manchester and Salford Bank, in Manchester, England, who has been invited, we believe, to address the August Convention of the American Banking Association, at Niagara, on the subject.

COST OF PATENTS HERE AND ABROAD.—A bill for reducing the cost of patents and extending their term is before the British Parliament. Compared with the thirty-five dollars of Government fees and the seventeen years' term, without supplementary payment, in this country, the English charge of about $200, with successive charges of $250 and $500 at the close of the third and the seventh year, and only fourteen years' term for the patent, is very onerous, although hardly more so than in the principal other European countries. The routine of obtaining a patent is also much severer in England than here.

THE ENGLISH CENSUS.—From the preliminary census returns of England it appears that the total population of the United Kingdom is 34,000,000, of which 25,000,000 are in England, 5,000,000 in Ireland, and 4,000,000 in Scotland. From 3,254,000 people living in London in 1871, the increase in the decade has been seventeen per cent, or 560,000 persons, making a total of 3,814,000. In 1801 London had not a million of people, but in 1821 her population was 1,378,000; therefore, in sixty years, she has increased threefold. The true old London of early time has 51,000 people living in it. Of the persons who live in the suburbs of London, and go thither to their business every day, the number is estimated at 1,500,000. In New York the number has been variously estimated at from 40,000 to 100,000, exclusive of Brooklyn.

ENGLISH BANKING AND AGRICULTURAL DISTRESS.—The deposits of some of the English banks and the movements of their business have suffered considerably during the last five years. One of the latest suspensions from this cause is that of an old establishment, the Whitechurch and Ellesmere Banking Company, which has been closed in consequence of a petition filed by one of the largest shareholders. It is thought the creditors will be paid in full. The bank has sustained heavy losses in the past few years, mostly owing to the agricultural depression.

EXHIBITION AT TOKIO, JAPAN.—The World's Fair Committee appointed by the Japanese Government, have been more fortunate than our New York Committee, appointed under the late Act of Congress. They have had a successful exhibition, while we have failed, so far, in our preliminary arrangements. The National Industrial Exhibition at Tokio closed June 10th. The attendance was large. The construction of a railway between Tsurga and Kashua Kanagawa is to be begun immediately. There have been anti-foreign demonstrations at Pekin, but now all is quiet. Official proclamations forbidding hostility to foreigners were issued. The project of establishing a Telephone Exchange at Hong Kong is meeting with great favor.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from June No., page 982.)

	Bank and Place.	Elected.	In place of
N. Y. City.	Central National Bank....	William W. Bliss, *Pr*...	W. A. Wheelock.
Col....	Custer Co. Bank, Silver Cliff...	F. W. Dewalt, *Pr*.......	F. A. Raynolds.
Conn...	U. S. Trust Co., Hartford.....	Thomas O. Enders, *Pr*..	M. G. Bulkeley.
" ..	Home National Bank, Meriden	A. Chamberlain, *Pr*.....	E. Butler.*
		J. S. Norton, Jr., *Cas*.. .	A. Chamberlain.
" ..	Mystic River National Bank....	F. M. Manning, *Pr*......	W. Clift.
Dakota	Bank of Flandreau, Flandreau.	C. E. Thayer, *Cas*.......	C. C. Brown.
Ill.....	Effingham Bank, Effingham...	F. H. Ewers, *Cas*........	W. H. Engbring.
Ind	Vincennes National Bank, Vincennes	Wilson M. Tyler, *Pr*....	....
		H. A. Foulks, *Cas*.......	W. M. Tyler.
		S. H. Isaacs, *A. C*.......	....
Mass....	National B'k North America, Boston	Arthur F. Luke, *Cas*	J. K. Hall.
Mich	First Nat'l Bank, Constantine..	W. W. Harvey, *Cas*.....	P. Haslet.*
Neb....	Nebraska City National Bank..	J.W. Steinhart, *Act. Cas.*	G. L. Woolsey, *Cas.*
N. J....	Merchants' National Bank, Newton	Samuel H. Hunt, *Pr*....	J. L. Swayze.*
		O. P. Armstrong, *V. P*..	....
N. Y....	First National Bank, Owego...	George Truman, *Pr*.....	....
" ..	Bank of Skaneateles..........	C. W. Allis, *Pr*.........	J. Thayer.*
Ohio ...	Second Nat'l Bank, Springfield.	S. A. Bowman, *Pr*......	W. Foos.
Va.....	Merchants' National Bank, Richmond	John F. Glenn, *Cas*......	J. B. Morton.*
		John Morton, *A. C*......	....

* Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from June No., page 983.)

No.	Name and Place.	President and Cashier.	Capital. Authorized.	Capital. Paid.
2531	Mercer National Bank...... Harrodsburg, Ky.	James H. Moore.......... Robert C. Nuckols.	$60,000	$50,000
2532	First National Bank........ El Paso, Texas.	J. Raynolds................ John W. Zollars.	50,000	50,000
2533	Citizens' National Bank..... Crawfordsville, Ind.	Alexarder F. Ramsey...... Benjamin Wasson.	75,000	75,000
2534	Iron National Bank......... Plattsburgh, N. Y.	Andrew Williams......... George W. Watson.	100,cco	100,000
2535	Sioux National Bank....... Sioux City, Iowa.	William L. Joy........... Arthur S. Garretson.	100,000	100,c00
2536	James Sweet Nat'l Bank.... Nebraska City, Neb.	James Sweet.............. Henry N. Shewell.	50,000	50,000
2537	Clement National Bank..... Rutland, Vt.	Charles Clement.......... Waldo P. Clement.	200,000	100,000
2538	First National Bank........ Salina, Kansas.	W. L. Kardison.......... M. D. Teague.	50,000	50,000

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from June No., page 985.)

NEW YORK CITY....... Chase & Higginson; admit George Blagden.
" " " .... James B. Colgate & Co.; admit Colgate Hoyt.
" " " .... Dickinson Brothers; now Dickinson Bros. & Brugiere.
" " " .... Gwynne & Day; admit William Gwynne.
" " " .... J. Lentilhon & Co.; now Lentilhon & LeRoy.
" " " .... Spencer Trask & Co.; admit Frederick B. Noyes.
" " " .... Wood & Davis; admit George C. Wood.

DAKOTA Sioux Falls.... Citizens' Bank (Robert Nation); now Hills & Beebe.

ILL..... Chicago........ Nat'l B'k of Illinois; removed to 111–117 Dearborn Street.
" .. Benton .... Ward & Moore; now Ward, Moore & Swofford.
" .. Chester........ Cole Brothers & Co.; succeeded by McAdam & Speckman.

IND.... Kokomo....... Russell, Dolman & Co.; R. A. Dolman, deceased. No change of style.

IOWA... Sioux City..... Sioux City Savings Bank; now Sioux Nat'l Bank. Same officers.

KANSAS. McPherson..... Farmers and Merchants' Bank (A. L. McWhirk); now Bell Brothers.

MD..... Baltimore ..... McKim & Co.; admit Alexander McKim.

MICH.. Hudson .... Perkins, Thompson & Co.; now Thompson Brothers.

MINN... Mabel.......... Fillmore County Bank (E. A. Abry & Co.); now Adams & Co.

MO..... Clarksville ..... P. B. Clifford & Co.; incorporated as Clifford Banking Company. Paid capital, $25,000.

NEB.... Hastings....... A. L. Clarke & Co. (Adams County Bank); now First National Bank.
" .. Madison....... Stuart & Aiken; now James Stuart.
" .. Nebraska City.. James Sweet & Co.; now James Sweet National Bank.
" .. Riverton .... Chase Brothers & Sawyer; now Exchange Bank (J. G. Childs).

N. MEX. Socorro........ Browne & Manzanares; now Browne, Manzanares & Co., C. N. Blackwell and M. W. Browne being admitted.

N. Y... Watertown.... First National Bank; in liquidation.

OHIO... Bluffton....... Hurlburt & Langan; Daniel Hurlburt, deceased. Business continued by O. S. Langan.
" .. Columbus ..... Miller, Donaldson & Co.; John Miller, deceased.

PENN... Philadelphia... F. Dundore & Co.; admit L. L. Webster. Same style.
" .. Titusville...... Roberts & Co.; now W. B. Roberts & Sons, E. A. L. Roberts, deceased.

S. CA... Charleston..... George W. Williams & Co.; resume banking business and admit G. W. Williams Jr.

TENN.. Chattanooga... Discount and Deposit Bank; assigned to T. C. McConnell, S. A. Key and Edgar McKenny.

TEXAS.. Tyler.......... Williams & Bonner; now E. C. Williams & Co. and Bonner & Bonner.

UTAH... Silver Reef.... Leeds Banking Co. (J. H. Rice); rumored closed.

VT..... Rutland....... Clement & Son; now State Trust Co.

WIS.... Kewanee....... John Carel; succeeded by R. B. Kellogg.

ONT.... Elora.......... Newman Brothers & Co.; succeeded by Johnston, Gale & Tisdall.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from June No., page 981.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
CAL....	San Francisco..	Union Trust Co..........	First National Bank.
	$100,000	D. W. C. Thompson, *Pr.*	N. W. Leonard, *Cas.*
" ..	Cedarville......	Cressler & Bonner........	Central National Bank.
DAKOTA	Flandreau......	Moody Co. B'k (Thos. H. McConnell)	Chase Nat'l Bank.
IDAHO..	Blackfoot......	J. T. Morgan & Co.......	Deseret Nat. B'k, *Salt Lake City.*
INDIANA	Crawfordsville..	Citizens' National Bank...	National Park Bank.
	$75,000	Alex. F. Ramsey, *Pr.*	Benjamin Wasson, *Cas.*
IOWA...	Salem..........	Bank of Salem............	Kountze Brothers.
		Homer L. Bacon, *Pr.*	William Henry Bliss, *Cas.*
" ..	Sioux City.....	Sioux National Bank......	Chemical National Bank.
	$100,000	William L. Joy, *Pr.*	Arthur S. Garretson, *Cas.*
KANSAS.	Salina.........	First National Bank......	....
	$50,000	W. L. Kardison, *Pr.*	M. D. Teague, *Cas.*
KY.....	Harrodsburg....	Mercer National Bank.....	....
	$50,000	James H. Moore, *Pr.*	Robert C. Nuckols, *Cas.*
MICH...	Marlette.......	Marlette Bank (Charles L. Messmore)	....
MINN...	Windom.......	Bank of Windom.........	Gilman, Son & Co.
	$10,000	P. J. Kniss, *Pr.*	Alfred D. Perkins, *Cas.*
MO.....	Stockton.......	Stockton Exchange Bank..	Valley Nat'l Bank, *St. Louis.*
	$15,000	John E. Hartley, *Pr.*	Milton B. Loy, *Cas.*
NEB....	Nebraska City..	James Sweet Nat'l Bank..	Chemical National Bank.
	$50,000	James Sweet, *Pr.*	Henry N. Shewell, *Cas.*
N. Y....	Plattsburgh....	Iron National Bank.......	Ninth National Bank.
	$100,000	Andrew Williams, *Pr.*	George Watson, *Cas.*
Texas..	Cleburne......	Johnson County Bank.... (Mertz & Heath.)	Donnell, Lawson & Simpson.
" ..	El Paso........	First National Bank.......	....
	$50,000	J. Raynolds, *Pr.*	John W. Zollars, *Cas.*
" ..	Luling.........	W. W. Lipscomb.........	E. S. Jemison & Co.
" ..	Palestine......	Bonner & Robinson.......	E. S. Jemison & Co.
" ..	Tyler..........	Bonner & Bonner.........	....
" ..	Whitney.......	R. S. Porter & Son........	Winslow, Lanier & Co.
VT.....	Rutland.......	Clement National Bank...	....
	$100,000	Charles Clement, *Pr.*	Waldo P. Clement, *Cas.*

DIVIDENDS.—The Comptroller of the Currency has declared dividends to the creditors of insolvent National banks as follows:

	Per cent.	*Total dividend.*
First National Bank of Newark, N. J.	5	90 per cent.
Peoples' National Bank, of Helena, Montana..................	15	30 "
National Bank, of Poultney, Vermont........................	10	85 "
Third National Bank, of Chicago, Illinois....................	5	100 "
First National Bank of Franklin, Indiana....................	10	100 "
Miners' National Bank, of Georgetown, Colorado..............	30	65 "
Merchants' National Bank of Fort Scott, Kansas...............	15	60 "
First National Bank of Bethel, Connecticut...................	4	100 "

NOTES ON THE MONEY MARKET.

NEW YORK, JULY 1, 1881.

Exchange on London at sixty days' sight, 4.84 *to* 4.84¼ *in gold*.

The Monetary Convention resumed its session yesterday at Paris. Mr. Evarts' able address has commanded much attention. The Austrian delegates have been instructed to maintain a friendly attitude in regard to bi-metallism, without departing from the reserve they have hitherto displayed. The Austrian and Hungarian Governments are expected to declare in favor of bi-metallism a short time before the departure of Delegate Hegedus for Paris. Herr Hegedus awaits the first session of the conference before leaving. The report submitted to his Government by M. Thorrner, the Russian delegate to the Monetary Conference, says that Russia should prepare for the resumption of specie payments by permitting the circulation of silver and gold at a premium, and that when resumption becomes possible silver should be the standard, gold being permitted to circulate at a premium corresponding with its market price in silver. This premium should be fixed from time to time by the Government, and not follow the minor course of fluctuations. Germany and England have not materially changed their positions as announced. The London *Times* points out the narrow limits which circumscribe the powers of the Governments to act. But the general belief is that the results of this Convention and that of 1878 will not fail in their chief function, which was to sustain silver until the transition period is over, and the inevitable reaction is sufficiently developed to admit of a more definite and permanent adjustment of their silver coinages to the new situation, by the commercial nations of Europe, of this Continent and of the Orient.

We learn from Washington that the opinion of the Attorney-General, which appears on a previous page of this issue, to the effect that National banks may, upon deposit of gold or silver, withdraw the bonds held for security of their circulation, will be supplemented in a few days by an opinion that the redemption of the circulation of National-bank notes may be in gold or silver. The Attorney-General holds that the language of section three of the Act of June 20, 1874, which says that the notes of National banking associations "shall be redeemed in United States notes," must be construed by the intent of the Resumption Act, which went into effect January 1, 1879. At the time the law declaring that National-bank notes should be redeemed in United States notes was passed, gold and silver were not in general use, and it is now held that the purport of the Act of 1874 was to give to legal tenders a value equal to the promise to pay "at its face value." The legal tender was, in the absence of the ability of the Government to pay gold or silver, a substitute for coin. Now, the recognized legal tender is gold or silver, and is constitutionally the lawful money of the Government. Hence, the Attorney-General holds that the promise to pay is cancelled by the ability to pay, and therefore if the Redemption Bureau tenders gold or silver in exchange for National-bank notes the law is complied with. The effect of the opinion will

be to allow National banks wishing to withdraw bonds held for circulation to deposit gold or silver in lieu thereof, instead of legal-tender notes, and for the United States Treasury to pay out gold and silver in the redemption of National-bank notes. The National banks will be relieved of the expense of obtaining legal tenders when bonds are to be withdrawn, but they will not be able to demand United States notes, as heretofore, when National-bank notes are presented for redemption.

The money market is easy at three to three-and-a-half per cent. for demand loans on stocks, and two to three per cent. on Government bonds. Loans on time are quoted at two-and-a-half to four per cent. The demand for commercial discounts is fair at three and a-half, and good bills pass freely at three to four and a-half per cent. Domestic exchange on New York has risen to twenty-five cents discount in Boston, and to seventy-five cents to eighty cents in Chicago. In the Southern rates there is more steadiness, the quotation being seventy-five cents discount for commercial and $1.50 premium for bank in New Orleans; one-eighth to a quarter premium in Charleston and one-eighth to three-eighths premium in Savannah. The averages of the New York Clearing House show an accumulation of idle capital and an increasing disposition on the part of the banks to adopt a conservative policy. The aggregates compare as follows for several weeks past:

1881.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Net Deposits.*	*Surplus.*
June 4	$341,094,900	$76,052,100	$18,325,300	$19,263,300	$339,548,600	$9,490,250
" 11	347,494,900	76,902,800	18,313,300	19,236,100	345,643,200	8,805,300
" 18	346,566,600	75,611,000	18,474,300	19,305,300	344,307,600	8,008,400
" 25	345,490,700	77,091,500	18,092,900	19,144,300	343,640,800	9,274,400

The Boston bank statement for the past four weeks is as follows:

1881.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
June 4	$152,846,300	$7,964,200	$3,380,100	$106,244,700	$30,822,700
" 11	156,296,400	7,855,900	3,328,500	109,741,500	30,989,600
" 18	156,957,800	8,280,100	3,174,500	114,588,700	30,715,200
" 25	158,637,000	8,457,100	3,612,900	116,102,600	30,773,100

The Clearing-House exhibit of the Philadelphia banks is as annexed:

1881.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
June 4	$76,612,564	$23,720,055	$74,962,644	$10,243,210
" 11	76,471,207	23,250,367	74,033,519	10,476,009
" 18	77,931,686	21,920,180	74,501,779	10,473,674
" 25	74,542,679	21,210,584	70,497,536	10,219,090

The stock market is less active. Government bonds are firm but quiet, with a fair demand. The State of Missouri has just invested nearly $2,000,000 in the four per cents, and the fives of 1881 are in demand from abroad. The payments for interest and dividends will be large. The Treasury begins to-day to pay out $7,386,529 interest on the four-per-cent. loan, and $1,938,705 interest on the Pacific Railroad sixes, and in addition it will disburse about $20,000,000 in liquidation of the balance of the principal and interest of the sixes of 1881. The payments by railway, bank and other corporations, as well as by States, counties and cities, are estimated to amount with other disbursements at this point to $75,000,000. The interest and dividend payments at other eastern-money centers will raise this total to $90,000,000 or more. How much of this sum will be invested in Governments and other first-class securities remain to be seen; but former experience suggests to our speculative

operators in Wall Street the expectation that much of this released capital will be employed directly or indirectly in fostering speculation. The amount of coupou five per cents. received for continuance at three and a-half per cent. to date, including those presented at the London Agency, is about $ 89,000,000. A statement prepared in the office of Register Bruce, shows that there have been issued of the extended five per cents. to date, on account of the registered bonds, $ 185,991,220; on acconnt of coupon bonds, $ 31,884,350; total, $ 117,875,550.

State bonds are more in favor. The Tennessees and Louisiana consols have been active, and the Tennessee issues sold up to seventy-eight and a-half each and the Louisiana consols to sixty-five, all reacting somewhat at the close. The Georgia new sevens and sixes advanced two per cent., and Alabama eights close firm. Railroad bonds are less attractive to investors and quotations are less strongly sustained, the disposition being rather to neglect some descriptions whose price has been advanced too rapidly.

In railroad shares the fluctuations are frequent. For the week ending June 29, the sales were 1,537,813 shares against 2,123,470 for the week ending June 22,. 2,045,926 for the previous week and 2,038,589 for the week ending June 8th. Subjoined are our usual quotations:

QUOTATIONS:	*June 1.*	*June 7.*	*June 15.*	*June 22.*	*June 30.*
U. S. 6s, 1881, Coup...	104	103½	102¾	102¾	102¾
U. S. 4½s, 1891, Coup.	116⅜	115⅝	115	114⅞	115
U. S. 4s, 1907, Coup...	118⅛	118⅛	117⅞	116¾	118
West. Union Tel. Co..	127⅞	127¾	133¼	137⅞	*88¼
N. Y. C. & Hudson R.	149½	148⅛	146¼	147	145⅞
Lake Shore...........	131	131⅞	130⅛	129⅞	125⅞
Chicago & Rock Island	143½	144¼	143⅜	143¼	*142¼
New Jersey Central...	101⅜	102½	101½	102¾	101¼
Del., Lack. & West....	126½	126¼	124⅜	125⅛	124½
Delaware & Hudson..	111	111	110¼	110⅜	109
Reading..............	58⅝	60	57¾	61	60¼
North Western........	129⅞	129⅞	129	126½	127⅛
Pacific Mail..........	52¾	52¼	53½	53¼	52⅝
Erie..................	48⅞	47⅝	46½	46½	46⅜
Discounts............	3½ @ 4	3½ @ 4	4 @ 5	3 @ 5	3 @ 4½
Call Loans...........	2½ @ 3½	2 @ 4	2 @ 4	2 @ 3½	2 @ 3½
Bills on London........	4.82¾-4.84½	4.82¾-4.84½	4.83¾-4.85½	4.84½-4.86½	4.83½-4.85½
Treasury balances, coin	$ 71,034,339	$72,767,440	$76,802,045	$ 78,899,930	$81,174,355
Do. do. cur.	$ 6,734,893	$ 6.365 085	$6,233,290	6,262,500	6,133,334

* Certificated.

Foreign exchange is selling at a concession below the published rates, which are on the basis of 4.84½ for sixty days bills and 4.86½ for demand bills. The demand is lighter than was anticipated from the interest remittances to Europe. There is some anticipation of a renewal of the imports of gold later in the season. The imports and domestic exports at the leading ports for the month of May, 1881 and 1880, compare as follows:

	Imports.		*Exports.*	
	1881.	1880.	1881.	1880.
New York...........	$ 34,884,911	$ 44,372,197	$ 29,159,468	$ 34,858,873
Boston..............	6,663,904	6,695,755	5,739,364	5,733,621
Philadelphia.........	3,449,137	4,881,697	2,842,007	3,826,914
Baltimore............	1,453,991	1,672,043	4,977,237	4,324,601
New Orleans.........	1,870,227	1,280,366	7,015,512	7,215,084
San Francisco.......	2,408,810	2,382,879	2,245,117	1,417,298

Much has been said about the advance of stocks in Wall street during the last few months. The extent of the advance is illustrated by the following table :

	Price. May 17, 1880.	*Price. May 16, 1881.*	*Advance. May 16, 1881.*	*Price. June 29, 1881.*	*Advance. June 29, 1881.*
Central Pacific	63½	92¼	28¾	99¾	36½
Canada Southern	41	79¼	38¼	67	26
C., C. & I. C	11	29	18	24¼	13¼
Northwest, common	88½	129¼	40¾	137½	55
St. Paul, common	69⅞	121	51⅛	125⅜	55½
Delaware, Lackawanna and Western	76⅞	125⅜	48½	124⅛	47¼
Delaware and Hudson Canal	70⅜	113⅜	43	108⅞	38½
Hannibal and St. Joseph, common	24¾	76½	51¾	92¼	67½
Hannibal and St. Joseph, preferred	66⅛	111¾	45⅝	114½	48⅜
Illinois Central	103½	142¼	38¾	140	37½
Lake Shore	101	131¼	30¼	128⅛	27⅛
Michigan Central	75⅛	113⅛	38	105⅝	30¼
New York Central	123½	149¾	26¼	145⅜	21⅞
Missouri, Kansas and Texas	28⅝	51⅜	22¾	50⅜	21¾
New Jersey Central	62⅜	103⅝	41¼	101⅝	39¾
Erie, common	35	50¼	15¼	45⅞	12⅜
Erie, preferred	57	91¾	34¾	86½	29½
Union Pacific	81	124¼	43¼	129	48
Pacific Mail	28	55	27	51½	23½
Wabash, common	29⅜	56⅝	27¼	59⅜	30
Wabash, preferred	55¼	95⅝	40⅜	94¼	39
Western Union Telegraph	97¾	120¼	22½	135	37¼

The predictions of an early monetary panic, discussed elsewhere, are referred to as follows, by Mr. L. J. Jennings, the London correspondent of the New York *World*, in his letter of June 18th :

"Some of the papers continue to predict a great panic on the Stock Exchange. The ordinary stocks of English railroads have increased in price, as one writer estimates, upwards of thirty millions sterling during the last two or three years, 'and that is but a fraction of the rise over the entire market.' American railroads show even a greater advance. The argument is that this upward movement is all rotten and must be followed by disaster. It seems to me, however, that this view is not altogether correct. Surely, everybody will admit that there has, as a rule, been a considerable increase of traffic over the chief lines in England and the United States, and every year this increase becomes more marked, unless in periods of unusual financial depression and uneasiness. As regards American railroad stocks, most of them were below what may be called their average level in 1877–78. The effects of the panic of 1873 were still visible, and the public had not forgotten the way in which almost every railroad stock that can be named was kicking about Wall street on "Black Friday." It may be that some American securities are now selling for more than they are worth. . . . But with the continual increase of population and trade it would be difficult to find any source of investment which offered better prospects for the future than an efficiently managed railroad. People used to talk of real estate being the safest sort of security to put one's money in; but we all remember what befell real estate in New York after the fall of 1873. Stocks recovered in a comparatively short space of time, with few exceptions; real estate, from all that I can learn, has not yet fully recovered the great blow it received. In England there are no signs of a panic visible except to the eyes of a few writers who are the slaves of their own theories. The amount of floating capital still seeking a profitable outlet is very large, and the field for it is constantly narrowing."

One of the best tests to apply to the business of the country is the volume of the bank exchanges and clearings. On a previous page will be found some

of these statistics. As to those of the week ending June 24th, the *Public* reports the aggregates as follows:

"The exchanges at New York last week were not as large as they have been in either of the seven weeks preceding, after allowance for the holiday, May 30th, but the decrease was in large measure due to the decline in speculative operations. The sales of stock during the six days ending Thursday amounted to only 2,160,105 shares, and market price was a little lower than it has been recently, probably less than $75 per share. Deducting double the market value of shares sold, the remaining exchanges amounted to about 629,491,000.

"The statistics show an increase in the volume of business in every city, and that increase is less than ten per cent. at only three cities out of twenty. The increase of 56.9 per cent. at New York is due in part to speculative operations, and yet the gain, irrespective of such dealings, was large. Outside of New York the aggregate again closely approaches $300,000,000, and the increase at the principal cities is remarkably large, 62.8 at Boston, 52.7 at Cincinnati, 34.2 at Philadelphia, 27.2 at Chicago, 22.0 at St. Louis, 23.2 at Baltimore, and 42.8 at San Francisco. It rarely happens that there is so great an increase at all the principal centers of wholesale trade. Most of the manufacturing centers also report handsome gains; Lowell leads with 58.7 per cent.; bnt the gain is 49.9 per cent. at Pittsburgh, and 30.4 per cent. at Cleveland. New Orleans, Providence and Syracuse, for reasons not wholly explained, lag behind other cities, though surpassing their record of last year. The following shows the amount of exchanges for the weeks ending June 18th, at San Francisco, and June 25th at other cities:

	1881.	1880.	*Per cent.*
New York	$953,507,157	$607,558,982	+56.9
Boston	88,471,027	54,328,137	+62.8
Philadelphia	55,580,973	41,410,608	+34.2
Chicago	37,757,289	29,687,015	+27.2
Cincinnati	17,604,300	11,527,100	+52.7
St. Louis	15,175,595	12,136,223	+22.0
San Francisco	14,029,303	9,824,028	+42.8
Baltimore	13,220,326	10,729,114	+23.2
Pittsburgh	7,993,968	5,443,244	+46.9
Louisville	7,301,661	5,869,124	+24.4
New Orleans	6,191,737	5,757,188	+ 7.5
Milwaukee	6,004,372	5,133,126	+17.0
Providence	3,456,100	3,291,600	+ 5.0
Kansas City	2,295,100	2,075,000	+10.6
Cleveland	1,777,707	1,363,035	+30.4
Indianapolis	1,700,626	1,360,237	+25.0
Hartford*	1,508,697	1,190,877	+26.7
New Haven*	1,051,732	862,687	+21.9
Lowell	451,545	285,702	+58.7
Syracuse	317,667	293,472	+ 8.2
Total	$1,231,940,782	$816,426,499	+50.9
Outside New York	278,433,625	208,867,517	+33.3

"The exchanges at New York are usually regarded with suspicion, because they are liable to be so greatly expanded by speculation in stocks. But the payments through clearing houses outside of this city, at all monetary and commercial centers throughout the country, are larger than those of any other month in the history of the country, and this is the more remarkable because June is not usually a month of high-water in exchanges. True, May and June have been obliged to do the work this year that is usually done in three months or more, because of the interruption of traffic early in the year. But the volume of business, whatever its cause, has been so great that all alarmists are in haste to turn from the record of actual and veritable transactions in the past to vague dreams and courageous predictions as to the future. But approaching disaster or stagnation always is heralded by plain symptoms in the exchanges, and there is no indication whatever of approaching reverses in legitimate business."

The City of Cincinnati sold, a few weeks ago, at a premium of 3.18, $500,000 of three-and-a-half-per-cent. bonds, payable in twenty years, but redeemable in ten years. The bonds are now sold in the market at premiums ranging from five to five and a-half. On the 25th of June bids were to be opened for an issue of $650,000 bonds of Cincinnati, bearing interest at the rate of three and a-half per cent., payable in fifty years, but redeemable in thirty years.

The Metropolitan, a new National bank with a capital of $500,000, was organized at Cincinnati, June 24th.

The State of Missouri is investing in United States fours and extended fives the $3,090,000 received from the Hannibal and St. Joseph railroad.

During the week ending June 22, there were received at the New York Custom-house for duties $1,439,000 in silver certificates.

The exports of provisions, tallow and dairy products from thirteen of the principal customs districts of the United States, for the five months ended May 31, amounted in the aggregate to $61,565,225, a gain of nearly $5,500,000, as compared with the first five months of 1880.

The Census Bureau reports that 14,432,008 acres were planted in cotton in 1880.

The purchase of the Panama Railroad has been ratified in Paris by the Lesseps' Panama Canal Company. Under the agreement every stockholder of the Panama Railroad Company will be afforded the option of accepting the terms of the Lesseps' Company ($250 for each share) for a period of ninety days from July 1st.

An American syndicate is reported to be in treaty with the Provincial Government of British Columbia for the transfer of the coal and mineral belt on the eastern portion of the Vancouver Island. The syndicate has already bought all the coal lands in Washington Territory.

It is officially announced that the Marquette, Houghton and Ontonagon Company have effected the sale of the 400,000 acres of the company's land grant for about $2,500,000.

In May, 1881, the excess of merchandise exports over imports was $8,616,859, and the excess of coin and bullion exports over imports was $517,508. The favorable balance was, therefore, $9,134,367, as compared with $1,373,091 in May, 1880.

DEATHS.

At MERIDEN, Conn., on May 24th, aged sixty-seven years, ELI BUTLER, President of the Home National Bank.

At NORTH BERWICK, Maine, on May 11th, aged eighty-three years, WILLIAM HILL, President of the North Berwick National Bank.

At RICHMOND, Va., on June 17th, aged seventy-four years, JOHN B. MORTON, Cashier of the Merchants' National Bank of Richmond.

At COLUMBIA, S. C., on May 1st, aged seventy-two years, JOHN S. PRESTON, President of the Central National Bank of Columbia.

At ANSONIA, Conn., on June 26th, aged sixty-seven years, AMOS H. TROWBRIDGE, President of the Second National Bank of New York city.

THE

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PROGRAMME OF THE AMERICAN BANKERS' CONVENTION.

"Public and private credit usually thrive together," it has been well said, "and the economic forces which retard or aid the one, project with responsive energy their influence upon the other." Never, perhaps, has this principle received a more emphatic illustration than in the successful resumption of specie payments in the United States. The effect was almost magical. The business movements of the country at once received a stimulus, and its wealth has augmented, "not by steps, but by leaps and bounds." Our productive power is growing with a rapidity never known before, and the seven thousand banks, by whose operations and aid so important a part of this industrial and commercial activity is carried on, are all to be represented in the approaching Convention at Niagara Falls.

We are warned, however, by the past history of our banking progress and industrial growth that it would be presumptuous to expect to avoid a reaction. All this activity of production, this prodigious expansion of our National life, with the vast financial operations and commercial enterprises which are so rapidly developing under the stimulus of the new era which is now opening for us on all sides, cannot be realized without exposing us to special dangers. How future financial disasters may be multiplied or averted by the economic expedients developed by our augmenting network of railroads, telegraphs, and other nineteenth century inventions, it is impossible to predict.

What is certain is that these and other conditions of growth are enriching us as a nation, and are bringing us into closer and more vital union with the whole commercial world. They are also preparing us to resist the worst effects of the panic of which we have heard so much of late, however suddenly or forcibly it may precipitate itself upon the country. We have often expounded the reasons for the belief that the apprehensions of panic are at present premature, and that no immediate danger threatens the financial progress and tranquil activity of our economic life as a nation. What our bankers anticipate, what may be their best information, and with how much confidence they regard the financial situation we shall soon know. The bankers and bank officers among us have better means than almost any other class of men for getting accurate knowledge of financial facts. They are also nearer than others to the centres of danger. This, at least, is the general opinion; for as was said on a memorable occasion, "a financial panic was never yet developed in any commercial country which did not originate in some defect or other of its financial and banking machinery."

Several new and important features have been suggested for the August Convention of the American Bankers' Association. In order to adapt the meeting to the growing wants of our banking system, and to augment its general usefulness at home and abroad, there are to be fewer long essays, a greater number of speakers, and more impromptu addresses. The custom of the Association has been to introduce the various topics by written addresses, each of them to be followed by free, extemporaneous discussion. At the last Convention at Saratoga, and for two or three previous years, the written papers were numerous and less time was given to the off-hand speeches, so that a number of gentlemen who had been desired to take a part in the proceedings of the Association were not heard for various reasons, and especially because they happened to be engaged outside of the Convention or in the various committees, at the moment when the oral discussions were announced and the several speakers were called upon by the chairman. As may easily be imagined, when several hundred gentlemen meet in convention from all parts of the United States to talk about bank questions and the financial situation, there is so much of conference and of committee business during the brief space of the three days' sessions, that the attention of the leading bankers and capitalists is too much engrossed to leave time to hear or deliver long addresses. It is for this and many other reasons that a little more freedom of debate has been deemed advisable, and that the programme has been somewhat modified. Whether the purposes of the meeting and the general usefulness of its discussions will be furthered

by this and other expedients, which have been adopted after mature deliberation by the Executive Council, remains to be seen; and it will be easy to apply the proper remedies if any inconveniences should arise.

Another improvement has been suggested by the fact that a number of Western and Southern bank officers are said to have been deterred from attending previous conventions by the supposed heavy expenses of a visit to Saratoga. These persons will probably be more attracted by the cheaper advantages of Niagara. The Executive Council have made arrangements with the Registrar of the Convention, who will give information to all delegates to the Convention as to the rates of the hotels, and the admission fees to the chief points of interest which are made very attractive in an economical point of view. Moreover, several railroad companies have offered to carry delegates at special rates. On the list of these offers we observe the New York Central railroad, the Erie, the Boston and Albany, the Michigan Central, the Michigan Southern, the Lehigh Valley, the Canada Southern, the Great Western and the Lake Shore railroads.

Thirdly, the social arrangements are announced to be of an attractive character. Two or three years ago Mr. W. G. Desbler and other members of the Executive Council proposed that as bank property and bank shares were every year falling more and more into the hands of trustees for opulent spinsters, widows, and other lady investors, a general invitation should be extended at Saratoga to the ladies at the hotels to attend the sessions of the Convention. Each successive year has increased the number of ladies present at the Convention, and this year the expectation is that a still greater increase will be seen. Among the social attractions which are proposed is a grand reception on the last day of the Convention, under the management of the Ladies' Committee at the International Hotel, where the Executive Council will have its headquarters during the Convention. At the Cataract House and the other hotels similar arrangements are announced for receptions to the bankers, bank officers and their families. As the Convention speeches and addresses are to be more brief and numerous than heretofore, it is probable that the discussions will take a broader range, and that a larger number of topics will be taken up.

One of the chief attractions of the first day will be the address of Mr. Lloyd Tevis, on California. As president of the well-known firm of Wells, Fargo & Co., Mr. Tevis has incomparable facilities for collecting such information as is desired by the Convention upon the industrial growth of California and its past and prospective development. An extremely interesting and protracted discussion will, no doubt, be introduced by this paper. The president of the Association, Mr. Alex. Mitchell, of Milwaukee, will probably be

detained in New York during the first day of the Convention, but it is expected that he will preside on the two subsequent days. His place as Chairman on the first day, should he be absent, will be filled according to the constitution and by-laws of the Association, by Mr. J. D. Vermilye, the first vice-president, and in this case Mr. Mitchell's address on banking in the Northwest, which is looked for with much interest, will form one of the conspicuous features of the second day's business. The currency of the future, the relation of the public debt to our banking system, and other financial topics of grave importance will also occupy the second day.

The annual discussion upon bank taxation will be taken up on the third day, if not earlier. Among the speakers are mentioned one of the veteran bank officers of Wisconsin, Mr. N. B. Van Slyke, with Governor Baldwin of Detroit, B. B. Sherman and F. D. Tappen of New York, Morton McMichael and Wm. H. Rhawn of Philadelphia, Hon. Chester Guild and Hon. Charles B. Hall of Boston. Mr. Wm. E. Anderson of North Carolina and Mr. C. P. Williams of Albany have been specially invited to speak on this subject, as has also General Swayne, whose services in connection with bank-tax repeal have for several years been appreciated both here and in the West. By many of its members the American Bankers' Association is regarded as having for its chief work the relief of the banking system from the oppressive taxation under which it has suffered ever since the war. It has certainly been very active in this chosen theatre of its heaviest labors. And although the great general objects of the Association comprehend a much broader field than many persons suppose, still the repeal of the excessive and mischievous taxation upon the banking business must of necessity command a prominent part of the efforts of its members and of its conventions until these taxes are finally removed by law.

It is one of the peculiar claims of the Association to the support and confidence of the banks that it has brought the magnitude and true nature of the evils of bank taxation into clear light before Congress and its committees. It has opposed bank taxes, not simply on the ground that they injure the banks, or their stockholders, though this is an important reason for abolishing certain bank taxes, and especially those on capital and deposits. The broader and more important reason is that such taxation inflicts irreparable injury upon the commerce and trade of the country, and upon the great National interests that are carried on by means of the banks. Our industrial progress and material growth depend upon our banking system; and bank taxation fetters and contracts the ability of the banks to afford facilities to their dealers and the public. It is by this and like arguments that the American Bankers' Association at

Washington and elsewhere has assailed with so much force and success the mischievous system of bank taxation, and little doubt is entertained that these taxes will, at an early period, be taken off. Since the last Convention of the Association our Chambers of Commerce and Boards of Trade throughout the country have united in a general effort to secure this reform. A larger number of petitions were presented to Congress last year than ever before in favor of bank tax repeal, and public opinion is growing more enlightened as to the absolute necessity, with a view to promote the commercial and industrial interests of the country, that Congress should delay no longer the passage of a law relieving the banks and the public from these mischievous and unnecessary burdens.

If the speeches and addresses on these and other topics are distinguished by their brevity and discursive character, they will gain in other respects, and their defects will be made up by a number of reports, one of which, on the growth of the Lake Commerce and the present and prospective development of the through trade between Europe and our Western cities, will be presented by Hon. E. G. Spaulding, Chairman, and Mr. Henry Martin, Vice Chairman of the Statistical Committee of the Convention. Other reports will be presented on English banking, on the London Clearing House, on the growth of our clearing-house system in the United States, on the importance of ample cash reserves and of publicity in the accounts of our banks, on the history and development of banking in this country, on the causes of the growth and decadence of national wealth, and on the causes and results of some of the chief financial panics here and abroad. Some of these reports will probably not be printed in the pamphlet report of the proceedings of the Convention, which is widely circulated at home and abroad, and is intended to give a summary of the banking and financial progress of the year, with a view of the causes of our National prosperity and a warning as to any indications of the approach of a monetary panic or commercial disaster in the distant or near future. The business of the Convention this year promises to be of special importance, and a larger number of practical bankers than usual are expected, while some parts of the country will be represented that have not sent their delegates to previous Conventions.

The reminiscences of banks and bankers are expected to be unusually interesting. The Mortuary Record of the year contains 190 names, and it has been pointed out as a noteworthy feature of the document that the average age is higher than that of the ordinary reports of the learned professions. The latest names added to the list are those of Mr. James Robb, and ex-Governor Bagley, member of the Executive Council from Michigan; also that of Mr. Elisha Riggs, of Washington, whose

opulence and estimable qualities conferred on him a wide influence. Another well-known banker, deceased, is Mr. James Buell, whose successful and arduous labors as Secretary of the Association, have long given him a prominent and honored place in the Conventions with his colleagues, so many of whom are now no more. A third member of the Executive Council upon the mortuary list is Mr. Wm. H. Morrison, well known and highly esteemed as the President of the First National Bank of Indianapolis. Among the oldest bank officers on the record we observe the names of E. M. Parsons, aged eighty-three, of New York; Benjamin Fish, aged ninety-four, of Trenton, N. J.; Russell Benedict, aged eighty-three, of Canandaigua; James E. Brown, aged eighty-one, of Pennsylvania; Samuel Evans, aged eighty-nine, of New Jersey; John R. Kelso, aged ninety, of Baltimore; David R. Currier, aged eighty-four, of New York; E. F. Smith, aged eighty-six, of New York; Benjamin Ridgeway, aged eighty-four, of New Jersey; William Lawton, aged eighty-six, of New York, and Josiah Chapin, aged ninety-three, of Rhode Island. These records, says the report to the Executive Council, add new evidence of the fact well known to actuaries of Life Insurance Companies, that the officers of our banking institutions are picked men, that their habits promote physical and intellectual soundness, and that their chances for longevity are often superior to those of men of other highly favorable occupations and conditions of life.

But what is the use, in a practical point of view, of our Annual Bank Conventions? This question suggests its own solution. If bank officers are, as we have said, picked men, possessing special facilities of information, holding offices of grave trust, and wielding immense aggregates of capital during the year, the advantages of their meeting in council are too obvious to need further proof than has been already adduced. Perhaps no class of men are brought into such close confidential relations with our statesmen, judges, capitalists and organizers of industry. One class of men only our bankers are brought into less frequent contact with, namely, their brother officers in other banks in nearer or more distant cities. This has long been an object of regret; and many of the rivalries and other evils which, in an older time, were the bane of our banking system, were begun or fostered from this mischievous cause. Our bankers, it was frequently said a quarter of a century ago, have no cohesion as a body, and no power to unite or work together for any great common purpose, or for promoting the welfare of our financial system as a whole. This reproach is seldom heard now, and the prosperity of the American Bankers' Association suggests the hope that the Annual Conventions of bankers and bank officers will be found every year more conducive to the great National objects which they are designed to promote.

THE PUBLIC CREDIT AND THE NATIONAL DEBT.

A year ago few of our most sanguine observers could have ventured to predict the improvement in the public credit which is set forth in the aggregates of the National debt, which have been lately published from Washington, as they will appear September 30th, at the close of the present quarter of the fiscal year. One of the questions which chiefly commands attention in the report is the adjustment of the heavy maturing obligations of the Treasury, and the renewal of a large aggregate of six-per cent. bonds at a lower rate of interest than has ever been conceded to the United States Government at any previous period. The report shows that the aggregate of the three-and-a-half-per-cents. already issued is $576,881,800. The total of yearly interest due on the whole public debt October 1st will be $61,434,775. Six months previously the annual burden of interest was $76,845,937. It thus appears that Mr. Windom's operations, during the five months which have elapsed since he accepted the office of Secretary, have already diminished the annual interest of the National debt by $15,411,165. Various explanations have been given of the causes of this gratifying record, and, as is the case in many problems affecting money and its movements, the questions involved are very complex. The readjustment of the debt was facilitated, first of all, by the immense amount of floating capital which is pressing upon the loan market, so that in Europe, as well as here, the rates of interest are reduced to a very low level. The precedents of former years are of little use in enabling the banker or merchant to interpret the phenomena of the monetary situation, or to enable him to foresee the approach of coming disaster. In nearly every previous era of monetary ease, the plethora of idle capital and the speculative fever born of low rates of interest, have speedily resulted in a greater demand for money, and have culminated in an excessive stimulation of productive enterprise, of stock operations and of general speculation, which have caused the movements of the money market to become gradually more stringent, and not unfrequently brought on the various stages of spasmodic stringency and not seldom of minor financial panics. Relying on such precedents, many of our capitalists and speculative operators have predicted the speedy development of a general panic in the stock market and elsewhere, and they have repeatedly lost heavy sums in efforts to shape their transactions and business to suit this theory. When President Garfield fell wounded a few weeks ago by the miscreant Giteau, a

series of conflicting combinations in the stock market were among the many immediate results in Wall street. Public and private credit, it was hastily supposed would suffer severely and might be long in recovery, should the decease of the President create changes in the political situation, which might be interpreted at home and abroad as hostile to financial confidence, and might thus cause the most profound perturbations in the loan market. It is, however, a gratifying circumstance, which lies at the foundation of our public and private credit, that the National prosperity, the welfare of our National trade, and the growth of our material interests do not depend for their permanence and strength upon the life of any one, however eminent, of our public men. It has long been recognized as one of the glories of our free institutions that they have never yet been found completely wanting in National emergencies. However great the crisis, and however severe the pressure of events, we have always been able to depend upon the elasticity of our resources. The right man has been raised up at the critical moment and the resistless progress of events has put him in the right place. To use the words of President Madison, Providence seems to have determined in the history of the United States, to show how many things there are that can be accomplished in human government which in all previous ages of the world had been deemed completely impossible. As we write, the hopes of President Garfield's recovery are disturbed, but if he should be finally spared to his country, the prosperity of our National industry, the welfare of the American people, the growth of their public wealth and the rapid development of their productive forces will be no more certain than if he should be taken from among us. It is in this calm trust, this resolute confidence in the destinies of the nation which pervades the hearts of all our fifty millions of people, and is equally dominant in every section of the country, that we must recognize some of the most potent of the secret springs of our National life. They are full of promise for the future, and they remain permanent and perennial, though many of our statesmen and trusted leaders are taken from us. The security of property, the desire to rise in the world, the love of labor, the indomitable energy in the organizing success, the ingenuity in the adaptation of means to ends, the inventive skill which multiplies our National riches and the expedients for augmenting them, the genius for creating and using labor-saving machinery; these and many other characteristics of the American people must be taken into the account when we attempt to measure the force of our public credit or trace out the causes of our National wealth.

What all this has to do with the reduction of the interest

on the public debt and the recent saving of fifteen millions a year to the National Treasury is very plain. The connection is very close between the wealth of a nation and its public credit. Our National debt is a mortgage on future taxation, and the power to pay taxes is proportionate to our growth in productive power and National wealth. If, then, our resources are growing from the causes above suggested and many others of like character, and if our material progress is more rapid than ever before and bids fair to surpass that of other nations, it is no wonder that, with an able management of the Treasury, such as has been established for us under Mr. Sherman, and his successor, Mr. Windom, the bonds of the United States are in favor at home and abroad; and that our railroad shares and other obligations, with a vast multitude of corporate bonds and stocks, share the credit of our Government securities, and are in more active demand among the smaller and greater investors of Europe than ever before.

The following table shows the principal aggregates of the revenue and debt of the United States since 1869, when the first operations were commenced by Secretary Boutwell for the refunding loans, and when, as he stated in his report to Congress, from $700,000,000 to $900,000,000 of Government bonds were held in Europe. For further comparison we give the aggregates of the fiscal year 1865 for the revenue, and those of August 31, 1865, for the principal and interest of the debt. From the figures it appears that since August, 1865, when the debt rose to its highest point, the principal has been reduced $915,832,760, and the annual interest charge $75,959,002.

AGGREGATE REVENUE AND REDUCTION OF DEBT SINCE 1865.

Years.	*Outstanding principal.*	*Debt less cash in Treasury.*	*Annual interest charge.*	*Customs revenue.*	*Internal revenue.*	*Total net revenue.*
	$	$	$	$	$	$
Aug. 31, 1865..	2,844,649,626	2,756,431,571	150,977,697	84,928,260	209,464,215	322,031,158
July 1, 1869..	2,597,722,983	2,489,002,480	125,523,998	180,048,426	158,356,460	357,188,256
1870..	2,601,675,127	2,386,358,599	118,784,960	194,538,374	184,899,756	395,959,833
1871..	2,353,211,332	2,292,030,834	111,949,330	206,270,408	143,098,153	374,431,104
1872..	2,253,251,328	2,191,486,343	103,988,463	216,370,286	130,642,177	364,394,229
1873..	2,234,482,993	2,147,818,713	98,049,804	188,089,522	113,729,314	322,177,673
1874..	2,251,690,468	2,143,088,241	98,796,004	163,103,833	102,409,784	299,941,090
1875..	2,232,284,531	2,128,688,726	96,855,690	157,167,722	110,007,493	284,020,771
1876..	2,180,395,067	2,099,439,344	95,104,269	148,071,984	116,700,732	290,066,584
1877..	2,205,301,392	2,060,158,223	93,160,643	130,956,493	118,630,407	281,000,642
1878..	2,256,205,892	2,035,786,831	94,654,472	130,170,680	110,581,624	257,446,776
1879..	2,349,567,482	2,027,207,256	83,773,778	137,250,047	113,561,610	272,322,136
1880..	2,120,415,370	1,942,172,295	79,633,981	186,522,064	124,009,373	333,526,500
1881*.	2,089,962,227	1,840,598,811	75,018,695	185,500,000	135,000,000	363,500,000

* Approximate.

OUR RAILROAD NETWORK.

Probably among the statistical books which will be the most sought and prized by the historian and political economist of the future, will be those which tell the story of that rapid railroad progress which, in fifty years, has converted this continent into a compact, organized hive of industry, and has given us the promise of being the richest nation in the world. Conspicuous among our railroad publications, *Poor's Manual* has long held a place of special distinction, and it is as well known in Europe as here. The volume for 1881 is announced, and a summary of its statistics will be found on another page of this magazine. It reports our railroad system at 93,671 miles, showing an addition of 7,174 miles last year, which is the largest increase of any year, except 1871, when 7,379 miles were built. Most of the railroads report their earnings, but some do not. Those roads whose earnings are stated have 84,225 miles in operation, costing $4,897,402,000, or an average of $58,300 per mile. The gross earnings in 1880 were $615,402,000, leaving $255,193,000 of net earnings for the bonds and stock.

The British system of railways consists of 17,696 miles, costing $3,584,017,000, or an average of $200,000 per mile. The gross earnings, by the latest Board of Trade returns, $308,884,000, and net $148,657,000. The cost of the British system is made up of: Common and graduated stock, $1,775,750,000; preferential stock and bonds, $1,808,267,000; total, $3,584,017,000. The preferential stock and bonds average or pay very little over four-per-cent per annum. Hence, the great trunk lines, like the London and Northwestern and the Midland Counties, with two-thirds bonds and one-third stock, are able to pay dividends on the latter about 6.94 per cent. on the London and Northwestern—the average of the last two years—and on the Midland Counties 5.87 per cent. The stock of the Northwestern is selling at 170, and the four-per-cent. debentures, variously maturing, at 114 to 118 per cent. The Midland stock is 140, the five-per-cent. debentures 135, the four-and-one-half-per-cents. 120, and the four-per-cents. 117½.

The net earnings of the British railways are about four per cent. on their cost, of which about $81,000,000 is appropriated to the bonds and the preferential stock, and $67,657,000 to the common stock. In our railroad system we have not yet reduced the interest on the average mortgage and bonds and preferred stock below six-and-one-quarter per cent. per annum, though the great financial movements towards a lower rate of interest all over the world, suggest the probability that before the lapse of many years these securities will be selling at prices realizing a much lower rate than at present, for the railroads which are in the

best credit. On the aggregate of our American railroads the net earnings paid five-and-one-half per cent. last year upon their gross cost, of which $178,078,000 went to the bondholders and $77,115,000 to the stockholders.

The reports of the French railroads, and of those of Continental Europe, offer some valuable suggestions for comparison, which may be discussed hereafter. From the *Railroad Gazette* of July 22d, we compile the following railroad statistics. The capital and cost of the reported railroads of the United States January 1, 1880, compare as follows with the figures of the previous year:

AGGREGATE CAPITAL AND COST.

	1880.	Increase.	Per Cent.
Stock	$2,553,734,177	$73,768,232	3.0
Funded debt	2,392,017,820	109,477,755	4.8
Other debt	162,489,909	5,608,857	3.6
Total capital	$5,108,241,906	$188,854,844	3.8
Cost	4,653,609,297	237,098,450	5.4

The capital is given for 84,225 miles in 1880, against 84,715 in 1879, and not including some of the roads reporting in 1879, whose place is made up with new roads. The increase, therefore, represents chiefly additions to the capital and cost of old roads. Per mile of road reporting the figures were in the two years:

CAPITAL AND COST PER MILE.

	1880.	Increase.	Per Cent.
Stock	$30,320	$1,044	3.5
Funded debt	28,400	1,456	5.4
Other debt	1,920	78	4.1
Total capital	$60,650	$2,580	4.5
Cost	55,252	3,118	6.0

There thus was an increase of four and one-half per cent. in stock and debts, and of six per cent. in cost per mile. In view of the very great improvements made on many roads during the year, an increase in cost per mile was to be expected.

AGGREGATE EARNINGS, EXPENSES AND PROFITS.

Gross earnings.	1880.	Increase.	Per Cent.
Freight, &c.	$467,748,928	$81,072,820	21.0
Passenger	147,653,003	5,316,812	3.7
Total	$615,401,931	$86,389,632	16.3
Working expenses	360,208,495	51,112,920	16.5
Net earnings	$255,193,436	$35,276,712	16.0
Interest on bonds	107,866,328	*4,371,190	3.9
Dividends	77,115,411	15,433,941	25.0

The increase in freight earnings is accompanied by a moderate increase in passenger earnings, while from 1878 to 1879 there was an increase of fourteen per cent. in passenger earnings and of less than six per cent. in freight earnings, the aggregate increase being eight per cent. then, against

* Decrease.

16¼ from 1879 to 1880. The increase in working expenses was nearly in the same proportion, 16½ per cent., and there was left the very large increase of sixteen per cent. in net earnings, amounting to more than $35,000,000. From 1878 to 1879 the increase in net earnings had been 17¼ per cent., amounting to $32,000,000.

The increase in dividends paid is twenty-five per cent., amounting to more than $15,000,000, and the gross amount is the greatest ever divided by the railroads of the country. The dividends paid were equal to 3.02 per cent. on all the stock outstanding, against 2.49 in 1879 and 2.34 in 1878. The earnings per mile compare as follows:

COMPARATIVE EARNINGS PER MILE.

	1880.		1879.		1878.
From freight	$5,554	..	$4,564	..	$4,647
From passengers	1,753	..	1,680	..	1,585
Total	$7,307	..	$6,244	..	$6,232
Expenses	4,277	..	3,670	..	3,847
Net earnings	3,030	..	2,610	..	2,385
Interest	1,280	..	1,333	..	1,312
Dividends	916	..	732	..	682

As to the funded debt, it is reported $110,000,000 greater in 1880, and the interest payments amount to but 4.1 per cent. on the total amount of bonds, against 4.91 per cent. the year before, so that the total interest payments amount to $4,000,000 less than those of last year.

The average net earnings of $3,030 per mile of road reported for 1880 was sufficient to pay seven per cent. on a capital of $43,300 per mile of road, eight per cent. on $38,000, nine per cent. on $33,700, or ten per cent. on $30,300, all of which are very much lower figures than the average cost per mile in any country in the world. The capital, gross earnings, expenses, and net earnings per mile of road, and percentage of net earnings on capital of the railroads of the United States, for ten successive years, compare as follows:

Year.	*Stock and Debt.*		*Gross Earnings.*		*Expenses.*		*Per cent. of Expenses to Earnings.*		*Per cent. of Earnings on Capital.*
1871..	$59,726	..	$9,040	..	$5,863	..	64.8	..	5.32
1872..	55,116	..	8,116	..	5,224	..	64.4	..	5.25
1873..	57,136	..	7,947	..	5,172	..	65.1	..	4.86
1874..	60,944	..	7,513	..	4,776	..	63.6	..	4.49
1875..	61,533	..	7,010	..	4,425	..	63.1	..	4.20
1876..	60,791	..	6,764	..	4,228	..	62.5	..	4.16
1877..	61,650	..	6,382	..	4,075	..	63.8	..	3.74
1878..	59,040	..	6,232	..	3,847	..	61.7	..	3.04
1879..	58,070	..	6,244	..	3,670	..	58.8	..	4.49
1880..	60,650	..	7,307	..	4,277	..	58.5	..	5.00

These figures and comparative statements not only illustrate the growth of our railroads, but they throw light on some important economic facts and problems. It is interesting to trace out the effects of swift travel and other modern improvements upon the social and industrial growth of various classes of our citizens. In the United States we

have as much railroad mileage as has been constructed by all the chief commercial nations of Europe, though our population is much less dense than that of any of those countries. In our sparse population we find impediments which oppose that division of labor which is one of the main conditions of material progress. How active are the density of population and the resulting division of labor as economic forces, and in what way they promote the wealth of nations is admirably shown by Adam Smith in the opening chapter of his great work. Since his day this principle, which for long ages had remained undeveloped and dormant, has harnessed to its car the twin forces of electricity and steam, and has thus won a new domain and conquered a vast empire. The legion of creative inventions thus started have covered the ocean with ships, gladdened the homes of the poor with luxuries once inaccessible to the rich, and filled the earth with labor-saving mechanism equal to thousands of millions of productive laborers. Almost within the memory of our younger bank officers there has grown up a revolution in the material growth and productive power of Christendom, of which none of us expect to see the end. This new life, in its turn, has developed here and in Europe a multitude of financial and social problems that will test the wisdom of future centuries of troubled statesmanship. In these new forces which are precipitating themselves into our modern social system, we are to explore and interpret the secret springs of the recuperative power that is now so conspicuous. They have developed in the United States the financial endurance that sustained the burdens of the war, and has since caused so rapid a development of every department of the National wealth and productive power. Much of this recuperative strength is due to our railroad system. To the swift transportation and to the telegraphic facilities which railroads have created, we owe it, that our population is now becoming more dense, and that we are every year improving our organization of labor and the utilization of those National resources which lie at the foundation of all sound and permanent prosperity.

Next in importance to the creation of wealth is its distribution. Mr. Poor thinks that among those classes of our population who enjoy the fullest share of the benefits conferred upon the nation by the railroad system, the farmers have a favored place. He argues in defence of this view as follows: "Calling the distance, in round numbers, from Chicago to New York 1,000 miles, the cost of moving a ton of breadstuffs, in 1870, from the former to the latter, at the rates then charged, 1.608 cents per ton per mile over the New York Central and Erie railroads, was $16.08. In 1880, at the rates then charged, .868 cent per ton per mile, the cost was $8.64. The reduction equaled $7.44 per ton, or 22.2 cents per bushel. Such sums per ton, or per bushel, very nearly equaled the profit to the farmer on the produc-

tion of his wheat, and fully equaled the cost of the production of corn. That the greater part of the saving effected by this reduction in the charges of transportation went into the pockets of the farmers, is proved by the extraordinary increase in their production of these staples. The New York Central and the Erie railroads transported, in 1880, 4,732,391 tons of vegetable food. Assuming that all this tonnage (an assumption which is true of the greater part of it) came from Chicago to New York, the saving upon this quantity, in the reduced rates of transportation, from 1870 to 1880, equaled $35,197,987. Some of this tonnage, but not a great part of it, was taken up at points east of Chicago. Wherever it was taken, the reduction in the rates was the same." The distribution of wealth is too difficult a problem, and the laws which control it are too numerous and imperfectly understood for us to enter profitably upon them at the close of a railroad article. It may be suggested however that many of the farmers to whom Mr. Poor refers would have had no market at all for their produce, but for the demand at home and abroad created by the railroads.

DEPOSITS AND CHECKS.

The court reports published during the last few months contain several noteworthy decisions on the deposit business of banks, whether State or National. The legal effect of giving a check has been discussed in the Virginia Court of Appeals; and the general understanding of bankers that a check imports payment rather than a loan was declared to be the doctrine of the law. Terry sued the Ragsdale Brothers, claiming that they were liable to him for money lent, in proof of which he produced a check drawn, many years previous, by him in their favor, and proved that one of them indorsed it with the firm name and drew the money, in behalf of the firm, from the bank. A question chiefly discussed was, whether Terry, in order to recover, must also prove that the Ragsdales borrowed the money, promised to repay, &c., or whether on his proving his giving the check and the payment of it, he was entitled to hold them charged with the amount until they should prove that it was not borrowed but was received by them as money due. The decision was in favor of the defendants. The courts consider the probability to be that any check given was given in payment of a debt owed by the drawer to the payee; either an antecedent debt or one created at the time when the check is delivered. True such may not be the case; and the courts will receive proof from the maker of the check that it was given by way of lending the money, and that there was an

obligation to repay. But this will not be taken for granted; on the contrary, he who seeks to recover back money represented by his check, must prove the additional facts raising the obligation to repay, and, moreover, must prove them by clear evidence.*

A decision of the New York Supreme Court, which attracted some attention when it was rendered last summer, sustaining a banker's lien upon deposits, has been reversed by the Court of Appeals. The circumstances were that Ruger Brothers were in business in New York City as ship brokers, in the course of which they customarily received various sums of money on account of masters of vessels, or as freights of vessels consigned to them. These moneys they were accustomed to deposit in bank to their own name; but at length becoming embarrassed, in order to protect from their creditors the interests of the masters or owners to whom the funds largely belonged, they commenced depositing in the name of George Falkland, who was their bookkeeper. The business continued otherwise unchanged. About ten days after the change in the account was made, a note which Ruger Brothers had made some time previous, and which the bank had discounted and still held, matured and was not paid. And the bank, deeming the balance to the credit of Falkland really the property of Ruger Brothers, charged the note against it. The Supreme Court sustained the bank in so doing. But the Court of Appeals has held that these moneys having been, by consent of all parties, set apart by deposit in the name of Falkland for a specific purpose, viz.: to preserve them intact for the shipmasters and shipowners to whom they equitably belonged, could not afterward be treated by the bank as belonging to the Rugers. The "banker's lien" upon the funds belonging to a depositor arises when the depositor is indebted to the bank upon a demand which has become due, and the funds are held by the bank under such circumstances that they may properly be applied in payment of the debt. The right is founded on implied contract and must be reciprocal; it can only exist where each party is a debtor to the other. Here the deposits equitably belonged to third persons. To entitle the bank to set off the Ruger note against the Falkland deposits the deposits should have been clearly and unquestionably the property of the Rugers.†

In addition to the three cases involving the question whether crediting a check in account is payment, narrated in a former article,‡ a recent New York City decision may be mentioned. Briggs & Co., depositors in the Central National Bank, deposited in that bank for collection a check drawn by Haines on the First National Bank, Newark, N. J.

* *Terry* v. *Ragsdale*, 33 Gratt. (Va.) 342.
† *Falkland* v. *St. Nicholas Nat. Bank*, 21 Hun. (N. Y.) 450; 12 N. Y. Week. Dig. 27.
‡ See *ante*, p. 854.

The last-mentioned bank had been for fifteen years the collecting agent in New Jersey of the Central Bank; the Central Bank, therefore, sent the check directly to the Newark Bank; the Newark Bank charged it to the drawer's account and returned it to him as a paid voucher, and gave the Central Bank credit in account for the amount. But, on the day after this charging and crediting, the Newark Bank failed; thus the Central Bank did not obtain the money for the check, and it, therefore, refused to make payment to Briggs & Co., the employer. The New York Common Pleas held the Central Bank liable for the amount, saying that the credit in account, it having been given in pursuance of agreement and usual course of business between the two banks, was equivalent in law to a payment of the money to the Central Bank. *

New York statutes, passed during recent years, have given extensive powers to married women to hold and manage moneys coming to them in various ways, as a "separate estate;" and a wife is enabled by these laws, as they are administered, to employ her husband as her agent in financial business without thereby necessarily vesting him with any ownership in her money which may be involved. Mrs. Bates received from the administrator of her father's estate checks for $1,000, being a part of her inheritance, and her separate property. They were drawn to her order, and she indorsed and delivered them to her husband, directing him to deposit them in the First National Bank in her name, and bring back to her a customer's pass-book. He made the deposit, and brought back to her a pass-book in which the deposit was plainly and simply entered to her credit without any qualification. But, in a conversation between the husband and the teller, arrangement was made that the money might be withdrawn either upon checks made by the wife, or upon checks made by the husband in her name; and the husband did, shortly after, make such checks and draw out the money without the wife's knowledge or consent. When, therefore, the wife subsequently claimed the amount, the bank refused to pay it. But, in her suit, the Supreme Court refused to receive proof of the oral arrangement, and said that the issuing the pass-book in which the money was credited in the ordinary way, precluded the bank from acting upon the private arrangement. Mrs. Bates, on receiving the pass-book and seeing that the money stood credited to herself, without anything to indicate that it could be withdrawn except by her personal check, had the right to rely upon the implied engagement of the bank that her checks and hers only would be paid. † The decision is, however, subject to an appeal. And there certainly is ground

* *Briggs* v. *Central Nat. Bank*, 12 N. Y. Week. Dig. 167.
† *Bates* v. *First Nat. Bank*, 23 Hun (N. Y.) 420.

for claiming that one who sends funds by an agent charged with the duty of opening an account in bank and depositing the money, stands bound by the details of the arrangement as the agent may actually make it. It is not the custom or understanding that the pass-book discloses those details. The principal, having put it in the power of the agent or messenger to mislead the bank, should suffer rather than the bank.

THE ENFORCEMENT OF COLLATERALS.

Bankers in New York have long been accustomed to the rule that commercial paper received as collateral security for a debt already existing is not considered to be taken for value. To entitle a holder to enforce a note as negotiable, repudiating any equities which the maker might have set up against the payee, the holder must, by the familiar rule, have acquired the note before maturity, in good faith, or, as otherwise expressed, without notice, *and for value.* In a long course of decisions New York courts have said that, in order to satisfy the requirement, the holder must have parted with money or property, relinquished a security or waived an advantage or right as the means by which he obtained the note. Without something of this sort he is not a holder for value. A decision of the Court of Errors, rendered in 1822, took this view,* and through the sixty years since it has been steadily maintained in a variety of cases. It was declared anew by the Court of Appeals as lately as June, 1880.† One who receives from his debtor a third person's note as payment, or to secure payment of the debt already existing between them, does not lose his right to sue for the precedent debt, if, without his fault, he fails to recover upon the note indorsed to him; hence, upon the New York theory, he does not part with value.

It is widely stated and apparently true that in most of the States whose courts have since had occasion to consider the subject, an opposite rule has been adopted. However this may be, the course of decision in the Federal courts has steadily tended to sustain the right of a creditor thus acquiring a negotiable instrument, to be deemed a holder for value. The question has now been distinctly raised and elaborately considered in the Supreme Court at Washington, and the doctrine fully adopted that the indorsee of a negotiable instrument holds for value, and may override equities between the parties, notwithstanding he took it merely as collateral security.

The practical importance of this decision, as will be more

* *Coddington* v. *Bay,* 20 John. 637.
† *Phœnix Ins. Co.* v. *Church,* 81 N. Y. 218.

fully explained in the sequel, lies in this: that a banker in New York or in any other State where the New York rule prevails, may recover upon collaterals if he can sustain a suit in the United States Circuit Court, though he could not enforce them by suing in the courts of the State.

The suit in which the Supreme Court decision was rendered arose upon a note for $5,000, made by the Brooklyn City and Newtown Railway Company, for the purpose of obtaining money for the needs of the company. The treasurer and one or two friends of the corporation indorsed it for accommodation, and the company's fiscal officers placed it in the hands of Hutchinson & Ingersoll, who were Wall-Street note brokers, to be sold by them for the company's benefit. Hutchinson & Ingersoll had no right to pledge the note for their own debt or use the proceeds for their own benefit; they held it simply as agents charged with the duty of selling it if practicable and accounting for the proceeds. They were, however, embarrassed, and indebted to the National Bank of the Republic for a number of loans; and, by a series of transactions which need not be stated in detail, this $5,000 note of the railroad company passed from their possession into that of the bank, simply as collateral security for the aggregate amount of the loans. In thus acquiring the note, the bank had knowledge that Hutchinson & Ingersoll were note brokers; but they had no notice that the railroad company was the true owner of the note.

It will be seen that by the New York rule as to parting with value, the Bank of the Republic could not enforce the note against the railroad company, its maker. And this was decided in a suit arising out of the controversy brought in the Supreme Court of the State against indorsers of the note.

But when the Bank of the Republic came to sue the railroad company this suit was brought in the Circuit Court of the United States, and that court and the Supreme Court both decided in favor of its right to recover. The leading opinion states that it is now generally settled that, in the absence of any local statute regulating the subject differently, negotiable paper is acquired for value whenever it is received in absolute payment and discharge of a debt, or is transferred by indorsement as collateral security for a debt created or a purchase made at the time of transfer; or if the time for paying the debt is extended in consideration of transfer of the collateral, or if the transferred note is received as a substitute for previous collaterals. In each of these cases the holder of the transferred paper, if he acquires it before maturity and without notice of the maker's defence, is entitled to enforce it irrespective of the maker's rights against the payee. The only conflict of opinion is as to cases where the note is transferred as collateral security merely, without

other circumstances, for a previous debt. In cases of this class some courts of high authority have refused to recognize the transferee as a holder for value. But such transfers constitute a material and increasing portion of the commerce of the country; they have become very common, are necessary in business and contribute largely to the benefit and convenience of both debtors and creditors. Moreover, there is a "value" given in all the cases where the note and the transfer are in such form as to make the transferee a party to the instrument, and impose upon him the duties which commercial law requires the holder of commercial paper to discharge, in order to fix liability upon an indorser. An implied undertaking of a transferee to fix the liability of prior parties to the instrument, by making punctual presentment and giving notice of dishonor, is a sufficient consideration to protect the paper in his hands against equities existing between other parties. The transferee, having thus assumed the duties and responsibilities of a holder for value, should have the rights and privileges pertaining to that position. Upon these general grounds the court sustained the suit of the bank against the railroad company.*

Now, as to the practical bearing of this decision. It will be seen that the bank's success was due to its having elected to sue in the United States Court. Indeed its suit against the indorser of the same note, brought in the State Court, was defeated because that court allowed the maker's equities against Hutchinson & Ingersoll to be interposed as a defence against the bank. No doubt the claim of the bank to sue in the Circuit Court was founded on the general provision of the Revised Statutes (§ 629, subd. 10) giving that court jurisdiction of all suits by or against any banking association. By the same right a National bank located in any State whose courts might follow the New York rule, can sue in the Circuit Court held in that State, and secure the benefit of the Supreme Court decision. Moreover, the Circuit Court has jurisdiction (by Act of March 3, 1875, § 1) whenever there is a controversy between citizens of different States; hence, though the holder of a collateral be not a National bank, but an individual, yet if he be a citizen of a different State from the maker or indorser whom he desires to sue, he may gain the same advantage by suing in the Circuit Court. Nay, it may be that State banks or individual bankers or money lenders, properly advised by counsel acquainted with the circumstances under which their business is conducted, can obtain the benefit of the Supreme Court rule by taking the indorsement of the collateral to a person residing in a different State from the one to be charged.

* *Railroad Company* v. *National Bank*, 102 U. S. 14.

[CONTRIBUTED.]

HOW THE POWER OF MONEY, AS AN ORDER FOR PROPERTY AND SERVICES, IS DETERMINED.

We have seen that money performs the office of an order or ticket for property and services of all kinds. But it performs this office only because it is itself a value, and when it performs this office, what takes place is an exchange in the market of the value of the money for some other form of value, the ratio of the exchange being determined by the competition of buyers and sellers and by the relative demand and supply of the two things which are exchanged for each other. Money is an order or ticket for property and services, only in the same sense in which it might be said, in the case of an exchange of a hat for a pair of boots, that the boots served as an order for the hat, and that the hat served as an order for the boots. But whether a hat will serve as an order for a pair of boots on a given day and in a given place, depends upon the uncertain circumstance of finding a holder of a pair of boots ready to part with them for a hat, whereas money, by reason of the permanent and constant demand for it, will always exchange for anything which is on sale.

While, therefore, it is convenient and sufficiently correct to speak of money as an order or ticket for property and services, we must be careful to observe that when it serves the purpose of such an order or ticket, it does so only upon the same basis of exchanging value for value, which is the basis of barter transactions. It differs fundamentally from a written order for goods, or from a ticket of admission to a theatrical exhibition, both of which are *functus officio* when they have been once used. Money is never *functus officio*, but serves every present holder of it as an order for goods, just as it served all preceding holders of it.

Money is in other respects an order of a very peculiar kind. It has no drawer who is bound to see that it is honored, nor any drawee who is bound to honor it. It has no indorser, and the holder has taken it at his own risk. But its chief peculiarity consists in the fact that it is not an order for any particular thing, nor for a specified proportion of either any particular thing or of the whole mass of things which are on offer in the market. On that statement of the case the question naturally arises: In what way is an order or ticket thus completely indefinite as to what and how much it is an order or ticket for, available in practical use? Or, in other words, by what process is it that the holder of

an order or ticket of that description, is able to come to such an understanding with those who have commodities or services to dispose of as will render possible a transaction of purchase and sale between them?

The exchangeable value of the unit of money is not stamped upon it, nor is it in any way whatever prescribed by law, nor, indeed, is it possible that any legal prescription of its value could be effective.

There is no common consent by which its relation in exchange to any one thing, or to the mass of things, is permanently determined. On the contrary, its relation in exchange to everything is constantly changing, and on any given day and at any given place it is only in the market that this relation can be tested and ascertained, and then only for that day and for that place.

There is nothing in the essential nature of the unit of money and of the things for which it is exchanged, from which we can foresee in advance of a trial of it, what the relation of exchange will be between the unit of money and (for example) a horse, a bushel of wheat, or the services of an ordinary laborer for a specified time.

Money cannot measure the value of things by being weighed against them in balances, nor by being placed alongside them as a yard stick is placed alongside cloth, nor by containing them as a standard bushel contains grain.

The monetary currency of every country has a unit, as the dollar in this country. A single piece of money, whether of metal or of paper, is sometimes one of these units, and is sometimes several of them, as in this country the gold eagle is ten units and the double eagle is twenty units. These units are in universal demand, inasmuch as it is an essential part of the definition of money, that everybody should be ready to exchange for them everything which he desires to dispose of at all. From the nature of the case the units are in equal demand and of an equal value in exchange, comparing one with another. In what way the demand for the units of money is determined, whether by population, by wealth, or by the frequency and magnitude of the exchanges going on, or by all three things contributiug to the result in some discoverable or undiscoverable proportion, is a matter of speculation, in respect to which there may be many opinions. That it is determined in some way is beyond dispute, and however determined, it is at every given time a fixed and definite force acting upon their value. The only other force which can possibly act upon their value is the supply of them, which is the number of them, and as they are all of the same value it is only by counting that money is or can be used, and it is only by figures or words of numeration that money transactions are or can be expressed. It is thus that money measures the values of things by being

counted against them, and that the prices of things are expressed by the number of units of money for which they can be exchanged. Every seller strives to get the utmost possible number of units for what he brings to market, and every purchaser strives to obtain what he wants with the least possible number of units. It is, therefore, plain that in every country at any given time, the value of the unit of money tends to rise or fall, other things being equal, as the number of the units diminishes or increases. The prices of things, which means their values as expressed in units of money, must be determined by the proportion between the number of the monetary units on one side, and the property and services offered for money on the other. It is in that way, and it can be in no other way, that the precise amount of commodities or services for which the unit of money is an effective order or ticket, is ascertained, so that it is practicable for those who buy and sell to come to an agreement. It is of no consequence of what material it is made, or at what cost of production, or, if made of metal of what weight and fineness, except indirectly and in so far as the number of the units may be affected by the scarcity or abundance of the material or by the greater or less difficulties of any kind in the way of multiplying the units. No matter what may control the number of the units, it is that number, however controlled, which alone determines the value of the units at any given time, inasmuch as they have no value which is prescribed by law, tradition, or current common consent, or which is fixed by any other circumstance than that of their number. The actual method of using them, which is that of counting, is the only conceivable method, inasmuch as they are all of them always of the same value, comparing one with another, however much their value may fluctuate, comparing one time with another or one locality with another. The number of units required to be counted and delivered in order to purchase a particular article on a given day in any market, is determined by the competition of sellers on one side and the competition of buyers on the other side, in that market and at that time, and is determined in precisely the same way in which "chaffering in the market" fixes the ratio of exchanges of one commodity for another when business is conducted by barter.

If the money of payments, and in which prices were made and stated in the United States, was of a kind admitting of an indefinite enlargement of its volume, its aggregate value would be in no wise increased by increasing its volume, or, in other words, by increasing the number of its units. If the money consisted of one thousand million irredeemable *fiat* paper dollars, their total power in exchange would be made no greater by multiplying them ten times. Nothing would happen in that case except that each dollar would be

worth only one-tenth as much as it was before. The aggregate value of the money of the United States bears a fixed, although unknown, relation to its wealth, population and exchanges, and can only be increased or diminished by an increase or diminution of the wealth, population and exchanges. This relation is not necessarily the same in all countries, inasmuch as the habits of different countries in respect to the use of money may and do vary very greatly. It is probable, for example, that the proportion of money to the volume of transactions is twice as great in France as it is in England. But in the United States, and in every other country considered by itself, there is always at any given time a certain aggregate value of the money, which is conclusively fixed by the property of all kinds which it measures and the transactions in which it is employed, and which cannot be affected by any change in the number of the units of the money.

This doctrine, that the aggregate value of the money of a country at any given time is a fixed quantity and is wholly independent of the volume or number of units of the money, was, for the first time, distinctly announced and clearly elucidated in the report (1877) of the United States Monetary Commission. It is a doctrine of great importance, and was laid down by that Commission in the following language:

"Under firmly-established systems the value of each unit of either metallic or *fiat* money, depends absolutely upon the number of such units and the relation they bear to the services they are required to perform. The purchasing power of the world's entire stock of metallic money would neither be increased nor diminished by an increase or diminution of its magnitude, if other things should at the same time remain unchanged. The value of that stock can only be changed by an increase or diminution of the things which it is the function of money to measure. If the volume of either metallic or accepted *fiat* money should be doubled at however great or little cost, other things remaining the same, the aggregate value of neither would be changed, but the value of each unit would be reduced one-half."

In another part of their report, the same Commission say:

"The aggregate of the money value which can exist in any country, is limited and fixed automatically by its environments. It bears a sure relation, however indeterminate, to the population, wealth and exchanges of such country, as modified by the character and habits of the people, their modes of transacting business, the rapidity with which their exchanges are effected, and many other considerations. . . The aggregate of the money value can only be increased by an increase or diminution of the productive forces and wealth which it measures and which govern it. The increase

or decrease of the number of the units of money can have no effect upon the aggregate of the money value, but the number of such units simply determines the fractional part of the whole value belonging to each unit."

To give a complete account of all the theories which have been propounded from time to time as to the principles upon which money performs its known functions, would be to use a drag net to bring to the surface a mass of exploded follies, which had much better lie as they now do, out of sight and forgotten. Nevertheless, it may serve a useful purpose in illustrating sound views, to comment upon some errors which still find advocates and still perplex and confuse monetary discussions.

Bastiat, a modern French writer, who has acquired considerable fame as the author of some plausible and brilliant free-trade sophisms, says:

"Whoever has rendered a service, and has not received an equal satisfaction, is the bearer of a warrant either possessed of value, like money, or of credit like bank notes, which gives him the right to draw from society when he likes, where he likes, and under what form he will, *an equivalent service.*"

At another time Bastiat has given the following somewhat different version of the nature of such an order on society as the French coin called a crown:

"The crown piece witnesses that you have rendered a service to society, and moreover it states the value of it. If you can read with the eye of the mind the inscription it bears, you can distinctly see the words: '*Pay to the bearer a service equivalent to that which he has rendered to society, value received and stated, and proved, and measured by that which is on me.*'"

Bastiat is entirely mistaken as to the origin of the right or power of the holder of money to demand property and services from society. It is the actual possession of money which gives the right, in the sense of power, to obtain other things by purchase. How possession of the money was obtained is altogether immaterial. A piece of money picked up by chance or stolen, or obtained by false pretences, by gambling, or by pandering to infamous vices, is as effective an order upon society as if it was acquired by the fairest exchange, or the most useful and meritorious industry.

Bastiat is equally mistaken in saying that there is anything on a piece of money visible either to the bodily eye or to "the eye of the mind," which "*states the value of it,*" or by which there is "stated and proved and measured" how much service the holder of the money has rendered to society at some anterior time, and how much equivalent service he is entitled to claim from society in return. All that governments do about money is to decree what shall be the unit

of it, as a dollar in this country, a franc in France and a pound in Great Britain; and to decree what stamped coin or stamped paper, or other prescribed thing, shall be this unit. What property or services shall be commanded in the market by this unit, or, in other words, what its value shall be, is something which governments cannot possibly control, and which in modern and enlightened times they do not attempt to control. They can prescribe by law what the unit of money shall be, not what the value of this unit shall be. To suppose that they can is to suppose that they are able by direct law to prescribe what the general range of prices shall be, since it is in and by the general range of prices that the value of money is expressed and ascertained.

This error of Bastiat, that to coin money is to prescribe and express its value, is a very common one. Innumerable writers have repeated, one following the other, that the coin stamp is a "*certificate of value*," whereas it is entirely plain that it is only a certificate of the weight and fineness of the metal. It is not even that, from any words or figures on the coin itself, but is so only when it is examined in connection with the laws of the coining country. There is nothing, for example, on the gold or silver dollar of the United States which gives any information as to the weight or fineness of either, but any person desiring to ascertain what the weight and fineness are, can do so by reading the coinage laws of the United States, on the assumption, which may be safely made, that the mint officers faithfully execute those laws.

Delivering the opinion of the United States Supreme Court in the case of *Bronson* v. *Rhodes* (7 Wallace), Chief Justice Chase, after reciting the coinage laws, observed:

"The design of all this minuteness and strictness in the regulation of coinage is easily seen. It indicates the intention of the Legislature to give a sure guarantee to the people that the coins made current in payment contain the precise weight of gold and silver, of the precise degree of purity declared by statute."

An American writer on Banking (Mr. Gouge) says:

"Some fancy that it is the authority of the government that gives money its value. But the true value of money, as measured by the amount of goods for which it will honestly exchange, cannot be affected by the edicts of princes or the acts of parliaments.

The stamp of the State is a mere certificate of weight and fineness."

It was evidently the opinion of Bastiat in respect to money, or, at any rate, in respect to metallic money, that its value or purchasing power is fixed and unchangeable. On no other view than that could he have said that it represented a past service, and entitled the holder to receive a present or future

equivalent service. On no other view than that could he have said that the value of money is "stated and proved and measured" by the inscriptions on it. A past service does not change, neither do the inscriptions upon money change, but that the value of money is constantly changing, and sometimes largely, is familiar in the experience of everybody who obtains it by a sale, or parts with it in making a purchase.

These errors of Bastiat are not peculiar to him, but are continually encountered in discussions of the nature and measure of the value of money.

The doctrine that it is the number of units of money, other things being equal, which controls the value of each unit, and the prices of commodities and services as expressed in such units, is not likely to be controverted as respects such paper as is used as money merely by the force of law or by common consent, and not on the basis of being kept at a parity with coin. But when we come to the case of metallic money, or to the much more common case of a money on what is called a metallic valuation, consisting in part of metal and in part of paper kept at a parity with metal by an actual or supposed convertibility into it, or by limitation of quantity, or in whatever way, the common impression about it is, that the value of each unit is determined by the value of the bullion in each of such units as are manufactured of metal, and with which class of units the other class of paper units is maintained at a parity of value. On that view of things the value of each unit of such a currency, and which is the only form of a metallic valuation currency existing in any commercial country, is determined by the weight and fineness of the coin portion of the units. If that view is the correct one, it would be true that coinage, which is undoubtedly a certificate of weight and fineness, would be, not directly, but indirectly, a certificate of value. While not in terms certifying value, it would certify things which control value, and from which value could be deduced by a short and easy calculation.

This was the view taken by Judge Chase in the case of *Bronson* v. *Rhodes* just quoted from. After showing that under the mint laws of this country coinage is a certificate of weight and fineness, he passes from the region of law to the region of economical speculation, and declares "that value is inherent in the precious metals; that gold and silver are in themselves values; and that *those values are determined by weight and purity*." He concludes, and was justified in concluding, if the value of metallic money is really "*determined by weight and purity*," that the "*form and impress*," given by the mint in coining, are "*certificates of value*."

A living British writer (*McLeod's Principles of Economical Philosophy*, Chapter 4) expresses the same idea in the following observations upon coined money:

"By its constant wear and tear, as it passes from hand to hand, it suffers considerably by abrasion, not to mention any bad practices that may be resorted to to lessen its weight, *and as we have seen that the quantity or weight of the metal represents the amount of service the owner can command*, so does the amount of service it represents *gradually and correspondingly diminish.*"

It would be doing an injustice to Chase and McLeod to impute to them the gross error of maintaining that the value of coined money is as fixed and unchangeable as its weight and fineness, although a literal construction of their language would justify such an imputation. It is doubtless more correct to treat them as intending to say that the value of a coin at any given time is always the same as *the value at such time* of the metal contained in it, and that it is the value of the bullion at every given time which controls and determines the value of the coin at the same time.

That there is at all times, when a metal enjoys the right of being coined without limit on the demand of the holder, an equality of value between a coin and the bullion contained in it, results necessarily from the nature of the case, and as a fact of observation admits of no controversy. But whether this equality arises because the value of the bullion controls that of the money, or because the value of the money controls that of the bullion, or in other words, which of the two values determines the magnitude of the other, is not a matter of fact to be settled by observation, but is a question to be solved only by a careful discussion of all the conditions of a subtle and difficult problem.

A vast majority of the men who have lived within historical times, have verily supposed that they witnessed every day with their own eyes the rising and setting of the sun. In fact, however, all that they saw was a daily change of relative position as between themselves and the sun. Whether that change is attributable to the revolution of the sun around the earth, or to the revolution of the earth on its own axis, is not a question determinable by the eye or by any of the bodily senses of man, but only by his reasoning faculties. In like manner vast numbers of persons, like Chase and McLeod, suppose that they know from observation that the value of a coin results from and is measured by the value of the bullion contained in it, whereas all that they actually know by observation is the fact that the two values are equal. Which of the two values controls the magnitude of the other, is another question, and an altogether different question.

The old explanation of the (so-called) rising and setting of the sun, that that luminary revolves daily around the earth, is not in itself an impossible and absurd one. Neither is there any intrinsic impossibility and absurdity in the cur-

rent, common explanation of the equality between the value of coin and the value of its contained bullion, that it is the bullion which gives value to the coin and determines the extent of that value. But I am persuaded, and shall endeavor hereafter to show, that this view in respect to money is really as destitute of any good basis and is as completely disproved by known facts and by sound reasoning, as was the geocentric theory of the solar system.

OBSERVER.

[CONTRIBUTED.]

SOME PRACTICAL FUNCTIONS OF MONEY.

"Money is wholly a matter of man's device; it was invented, just as any other instrument is invented, to accomplish a certain purpose; and it would be strange if men cannot comprehend what men themselves have devised. It is as unreasonable to pretend that it is incomprehensible, as it would be to pretend that the steam engine is incomprehensible." This is the language of one writer upon the subject. Another says: "In its theoretic or economic aspects, money presents a field of apparently hopeless discord, controversy and confusion, without a single doctrine established as a principle of universal, or even of general acceptance."

We have read much on the science of money, and more than one economist has written on the *Science of Wealth*, but there cannot be much science where opinions vary so widely as those given above. Dr. Hopkins says, "Science is simply a knowledge of the works of God, as they are revealed under uniform laws of succession and construction." Science is human not divine, and is in strong contrast to omniscience. Science is fallible, and is frequently obliged to retrace its steps and change its theories. Science said no steamboat could cross the Atlantic, no railroad could be built over our mountains, nor tunnels constructed through them. Science sometimes is a more trustworthy prophet. It says I will illuminate your cities with the electric light, and costly experiments are made for that purpose, and are still being made with much promise and success.

Science says, I will enable you to talk with your neighbors through the telephone. Only a few days ago a gentleman told me "such a station can call me and talk to me; but I cannot call it and reply to what they say." We think we understand the steam engine; we can dissect it and replace it; we see all its parts, as we suppose, in perfect order, yet

how often does the engineer say, "She is not working well to-day, and I can't find out what is the matter." Astronomy is the oldest of the sciences, but how little is known of it? Theories have been advanced and refuted, and new ones constructed which, in their turn, may give way to others. We may see an object in such a place, close one eye and place a sheet of paper upon your nose and look at the same object, you find its position is changed, and that you have to change your position to see it all. Do not these and a thousand other familiar facts teach us that the human mind, much as it can comprehend and analyze of scientific truth, is able to grasp but a small part of the conditions of life and civilization? And, turning to the subject of this essay, is it any wonder that the true nature of money should be diversely interpreted, or that the fundamental monetary laws should some of them be misunderstood or misapplied?

Do we fully comprehend money? We reason about it and then find we are compelled to change our ideas when we come to put them into practice. I was taught that an inferior money would drive a superior one out of circulation when both were used as a circulating medium, and thought this was true and fully illustrated during the last twenty years, by the manner in which gold and silver had disappeared under the abundance of paper money. But now gold and silver seem to be less in demand than paper, and it is almost impossible to obtain the latter. The Treasurer of the United States, in ruling that he will no longer accept checks for the five-per-cent. fund, and in paying out gold for demands upon him, is causing the banks to make "bricks without straw." A recent published report of the New York banks shows but one bank in that city holding over a million dollars in legal tenders.

Money has been in use for ages and men have used it, but who understands it? Can any one tell why, when money is cheap, currency is scarce?

We often think of money as but a single object, yet it is extensively complex, consisting of three parts—capital, credit and currency. "Abraham was very rich in cattle, in silver and in gold." He had capital and currency, and had no need of credit. The first mercantile transaction is spoken of as if it were a common transaction; the price is definitely stated "four hundred shekels of silver," and the cash is weighed out "current money with the merchant." The last expression gives value to the transaction, and has from that day to this entered into all mercantile transactions; the current money with the merchant is the medium through which buyer and seller arrange their transactions. The price is not in "*fiat* money," but in what is in common use among men. A stringency in the currency has often come up when capital has been eagerly seeking investment and credit was gone,

for the gold, the silver and the paper money has disappeared from circulation. In 1873 we had a dearth of paper money, although there had never been a larger amount of it in circulation, yet people were unable to obtain it; and now again it has disappeared, and no one knows where it has gone, and our only dependence is upon gold from the mines or from other countries. Twenty-seven millions of dollars have come into the United States from abroad since January 1, and more is coming daily. A large shipment has been reported from Australia within a few days, the first ever known.

Credit is variable. Large amounts of gold cannot command the necessary legal tenders. In 1847 £60,000 of silver was unable to raise any money in London. In 1864 in Calcutta not a rupee could be obtained for £20,000 of gold. In each case value was offered for "current money with the merchant," but in vain. Not long ago the president of a large bank, during a tight money market, was unable to raise any money on the credit of his bank, but being himself a wealthy man, he obtained all he wanted at a low rate on his individual security. We may have theories for these things, but we cannot lay down an universal law. How often has the ablest financier been obliged to say, "I do not know what to do, and I must feel my way from day to day." If this can be comprehended by man, why is it not done? When I read the different theories presented by scholars and theorists, I am reminded of the fact that a young minister always preaches on family government; one or two children soon lead him to choose different subjects. Our Congressmen are not the most able financiers. They make laws which cannot be executed and order silver dollars coined, which they are very careful not to take in payment of their own salaries. A few years ago two men were sitting behind me in the cars, and one asked the other what he was doing. The reply was, he had been in Washington lately, and was a member of Congress, and then proceeded to tell his friend about financial matters. I was interested in hearing the conversation as it showed a great lack of business training, and of sound knowledge of the first principles of money. The greenback craze has entered into many minds and nothing will relieve them but periodical panics. The crisis of 1873 was a bitter dose, but it has not taught us wisdom, and speculation and inflation are now preparing the way for another downfall to the sorrow of many who are little able to bear it.

A small Savings bank not long ago was obliged to claim of its depositors the statute notice for withdrawal of money, so many were drawing from them to invest in speculative stocks. Experience is the only teacher that can convince such people. The lesson may be bitter, but salutary, and if it would only lead others to see the pitfall it might not be

without its use. Speculation has a great pleasure for some people; and multitudes who rush into it do not see the tottering wall nor its insecure foundation, and are buried in its ruins.

The success of the National banking system is largely owing to the labors of Hugh McCulloch, a practical banker, whose skill and strength were given to it in its infancy, and have brought it to be the best form of banking which the United States has yet seen. No bill holder has ever lost a dollar by the failure of a National bank, and the failures which have happened are largely due to careless banking or to a disregard of banking principles, and they might have been much worse in any other system. Large banks which bank upon deposits may favor other systems, but those which bank upon circulation are greatly in favor of the system.

Currency is complex in modern times. We have in the United States gold, silver, greenbacks and National-bank notes. Some writers have a great prejudice against any currency but that of gold and silver. They are not particular whether silver is to gold as sixteen to one, or what the proportion may be, but insist upon the "mint drops," and advance such propositions as this: "They are conveniently portable." Yes, in small quantities. Five dollars in silver are not very hard to carry, but $100 are a burden. Ten dollars in gold are not cumbersome, but $1,000 are. Last week I paid $50,000 in gold for settlements to various corporations. Ask those who handle such amounts if they call them "conveniently portable;" ask the persons who receive them what they think? In less than three days more than half of our $50,000 was back in the vault, and as it came in from day to day a frequent remark was, "I don't like this money." Once in a while we come across one who is a hard-money man, but since the war the monetary circulation of the United States has not been made up chiefly of coin but of paper. The great body of our young bankers, merchants and business men have risen into active life during the paper money era, and their habits of thought have been formed under its influence. Forgetting this, our currency theorists argue as if the public opinion, which they aim to instruct, had been formed under the older conditions and hard-money theories of the past. For example, they tell us that the precious metals are so vitally connected with the growth of National wealth that it is as injurious now as in other times to export gold. If the facts are against them, so much the worse for the facts.

"A foreign demand," they say, "is the only cause that can take away the real money of a people." Then the real money must be fast disappearing from the old world, as nearly thirty millions have come to this country since the first of January. Yet capital is plentiful there, credit is good, and

currency is abundant, interest is low, and it is only because we have what is called the "balance of trade" in our favor that coin shipments are made. A mixed currency is much spoken against, but has not practice shown it to be the best currency. Gold and silver are too cumbersome for ordinary use, and this generation was brought up on a paper basis. The United States legal-tender note was issued as a war measure, and ought to be retired or deprived of its legal-tender quality. The National-bank note is thoroughly secured, and is good from one section of the Union to the other. The balance of trade enters largely into the foreign exchanges, whose fluctuations between two countries are liquidated easily with coin without disturbing values. During the war we were large buyers in Europe, now we are large sellers in the same market, and the balance of trade has to be adjusted in coin. Travelers on the Continent of Europe are said to use to a large extent Bank of England notes, which are easily carried, and are cashed in any city with the greatest ease. The security of these notes differs from that of our bank notes, but are they any safer currency than ours? The idea of a currency based, dollar for dollar, on specie has been a favorite one with some writers, but is it a good one? Just as well might we expect our debtor always to have the coin about him to liquidate his debt. Neighbor A owes me $1,000. He has laid out the money on his farm, or his merchandise, in his shop or his factory. His pound is gaining ten pounds, not hid in the earth ready for the call of the creditor. Just as reasonable is it to expect that the banker should have in his vault specie for every dollar he issues. Experience has taught him the amount necessary for safety, which, under the National system, is much less than it used to be under the old State system. Under the latter, each bank was striving to keep out all the bills it could in circulation; there was no limit to their issue and they never knew the moment when a large amount would be presented for redemption. I have known the bills to return by first express to the bank from the point to which they were sent for circulation. Now no one cares what bank may issue the bill he holds, and the five-per-cent. fund is more than enough for any emergency that has yet arisen.

Deposits are, especially among city banks, their largest item. Many such banks care not for circulation, and have retired their circulation or keep but a small amount out. Many banks prefer the State system to the National, as they bank on their deposits and are not constantly dreading Congressional tinkering with their business. Country banks depend largely upon circulation, and many of them would be obliged to close their doors if deprived of the privilege of issuing currency. What, for instance, does the Chemical National Bank of New York care for circulation?

Any one who sees their statement will see that the amount of circulation they could use would be of but little consequence, while a country bank of the same capital is largely obliged to depend upon the bills it can circulate for its profits. Deposits are a dangerous thing. They are vastly more troublesome to a banker than his notes payable. No one knows when they may be called for, and prudence requires that, when they are loaned, a large portion should be put out on call, or short notice. The depositors can swamp a bank quicker than its bill holders. The National system requires New York banks to hold a reserve of twenty-five per cent. on this account, and only five per cent. on that of circulation. A sudden call of the depositor contracts the loans of the bank and causes stringency in the money market. The panics which have come upon the community at different times have been produced by the depositors chiefly. They are subject to confidence, and a lack of this causes a run. "If you can pay me my money I do not want it, if you can't pay it I must have it," is their language.

The Savings banks have largely increased in this country. Many of them have had reckless management and have come to grief. No more, perhaps, than other business enterprises. They are too largely used by men of means, and not as much by the poorer depositors as they should be. The first principle of management is to be safe, and then pay to the depositors as much interest as possible. Too many savings banks have been bidding for business, not striving to nurture what they have, but endeavoring to make a good showing upon paper. The amount they have at stake is large, but I have never seen a writer who advocated their holding dollar for dollar of their deposits in coin. Few of them hold any coin, and in a case of stringency they would be obliged to apply their rule requiring a notice of their depositors. In Massachusetts several of them were placed under legal restrictions, but they have all come out of their difficulties with a much less showing of loss than other business enterprises of the same magnitude. They are a great blessing to the poor, encouraging in them habits of frugality and economy, and of saving up their surplus earnings against the rainy day.

To sum up and give point to what has been said, I add the following remarks: First, no books that I am acquainted with upon money, or the science of the money market, are of much practical use to the banker, whose success so much depends on his mastery of facts and his grasp of principles. Secondly, although the science of the money market has not been treated very satisfactorily by theoretical professors and other unpractical writers, we ought not to despair of the work being achieved in the future. Thirdly, as the BANKER'S MAGAZINE has often called attention to the fact that the science of money and the movements of the money market

are studied and understood by bank officers and other men who do not write much about the subject except to their correspondents, an effort should be made to obtain for the readers of the Magazine this year frequent articles and contributions on the phases of the monetary situation from practical bankers. X.

MR. COE AND BANK-TAX REPEAL.

It is well known that in August, 1880, Mr. Geo. S. Coe was appointed at the Saratoga Convention of the American Bankers' Association Chairman of the Committee on the Repeal of Bank Taxation. A report of the work of the Committee has been presented to the Executive Council, and the activity with which it has performed the functions confided to it is shown by the fact, of which we are assured on competent authority, that but for the unfortunate agitation on the refunding question, the most pernicious of the taxes on the banking business would have been repealed at the last session of Congress. Communications have been sent to this journal urging the necessity of a meeting of the Executive Council soon after the new session of Congress begins, in order to take the most effective means for removing the bank deposit tax and such other fiscal burdens on the banking business as it may be possible to repeal. We have consulted some of our more judicious bank officers in the South and West on this subject, and we find considerable diversity of opinion prevailing. Some are in favor of an open demonstration and a public meeting at Washington, while others prefer to compass the object by a more safe and quiet but equally energetic policy. If we might venture to suggest the result to which our inquiries seem to point, it would be in favor of continuing the admirable policy which was adopted on bank-tax repeal last year. The Convention, at its second and third sessions, discussed in public various questions of taxation, but left the hard, practical work of Congressional appeal at Washington to be devised and carried on by a few trusted officers, responsible to the Executive Council, who can supervise and assist their operations with the whole force of the combined banking community throughout the country, in the best methods and at the right time, whenever such aid may be necessary. Of course such combined aid from the banks can be exerted in one way only, namely, by their personally presenting the facts, by their efforts to persuade and inform their members of Congress and United

States Senators of the evils of bank taxation, and by their perseverance in urging them to vote and work for bank-tax repeal. If every bank and bank officer in the United States will only take pains to understand this method of assailing bank taxation, and will earnestly adopt it under the direction of the Executive Council, we have no hesitation in predicting that before the Convention of the American Bankers' Association meets in 1882 bank taxes will either be repealed, or they will be in a fair way for repeal. But, if this result is to be accomplished the banking community must unite and work together more zealously than ever before. To promote such a union is one of the chief objects for which the BANKER'S MAGAZINE has labored, and if our bankers and bank officers will first of all intelligently unite for the purpose of tax relief, they will afterwards be the better able to coalesce and work together for other great objects to be achieved in the future, with beneficent results to the growth of the material resources of the country and the strength of the financial and banking system in all its parts. It is our purpose during the coming session of Congress, and previously, to print in this Magazine a series of papers on bank taxation of a practical character and adapted to various classes of readers, and we begin the series with the address of Mr. Geo. S. Coe before the Committee of Ways and Means in February, 1877. This address has long been out of print, and it has been much inquired for, partly because of its clear exposition of facts and its incisive logic which make it just as useful, forcible, instructive and new to-day as it was when first uttered, and partly because it contains the chief arguments for bank-tax reform in a simple and suggestive form, and thus constitutes an invaluable storehouse of facts and principles for the classes among us that wish to correspond with members of Congress on the subject;—and these classes, we hope, comprehend a large majority of the bankers and bank officers of the United States. Mr. Coe's address was reported as follows by the official reporter of the Committee of Ways and Means:

MR. COE'S ADDRESS ON BANK-TAX REPEAL.

I stand before you, gentlemen, in a double relation; representing, on the one hand a National bank, and on the other hand, the Chamber of Commerce. But I think you will say, as I proceed, that in respect to the question before the Committee, these interests are identical. The subject before you is a subject, not of banks particularly, but of commerce; and it is in that view that I wish to speak. The money value of the question is a revenue of $8,000,000 which the Treasury derives from the tax on deposits, and a revenue of $3,000,000 which it derives from the tax on circulation. The last of these subjects I do not propose to touch, because it is not so strictly, in my view, a commercial question—and it is in the interest of commerce that we are here.

This $8,000,000 is derived from a tax on deposits. What are deposits? They are not, as is popularly and without thought supposed, deposits of money; because the subject of this tax embraces 600 millions from private bankers, 700 millions from National banks, and 800 millions from private persons.

What I mean is this—that this is not exclusively or chiefly a banking question. It is a commercial question. It is a commercial question because it does not respect money; and in order to prove that, I will show you that the aggregate of all those deposits is more than all the money, of every kind and sort, in the United States, call it by what name you please—gold, silver, paper, and every other kind. Therefore money is not the main subject of the discussion. It is what are called deposits. Now, what are deposits? This question involves not only the question before us, but also the great question of currency. What is a deposit? It may consist of a draft drawn against the movement of any kind of property whatever, whether the product of manufacturing, agricultural or any other skill. For instance, 100 bales of cotton are sent from New Orleans to New York, shipped inland. This cotton is not money. There is not a dollar of actual money connected with it. It has a value equivalent to so much money. The party in New Orleans who ships it, chooses to send it to Cincinnati, and draws a draft against it, upon that place, and deposits that draft in bank in New Orleans. That draft becomes a deposit. Is it money? Is it not cotton and nothing else? The owner in Cincinnati moves it to Pittsburgh, and he puts the draft which he draws upon that place against it into a bank in Cincinnati, and there also it is a deposit. The owner in Pittsburgh again moves it to New York, and there again a draft is drawn and is deposited in bank. That is the third time that the value of that 100 bales of cotton becomes the subject of a deposit, and yet not a single dollar of money is deposited. Now, what is that which is taxable? Is not the tax upon those deposits the tax upon that cotton? Is it not a tax of one-half per cent. on the industrial interests of the country, as represented in that particular article? Clearly, it is. Money has nothing to do with it, whatever, except as representing the value of the cotton.

The whole commerce of the country is exchanged and interchanged by deposits. One illustration is as good as a thousand. The cotton is a commodity of commerce, valued at so much when it starts. It is only valued for the sake of accounting; and yet every movement of it is made from time to time the subject of a separate deposit, and upon such operations, the banks are called upon to pay a tax. This, I say, is a tax upon commerce, just as clearly so as if you were to impose a tax of one-quarter per cent. per pound on the cotton itself. So you may follow that illustration out through every item of commerce that passes through the country, exchanged and interchanged, All this movement of commerce, if it be very rapid, is taxed more; if it move very slowly, it is taxed less; and the deposits are, therefore, dependent upon commercial activity whether more or less, as the case may be. Therefore, this question before us is a vital question, not to the banks but to the whole country, and to its entire commerce and trade.

In the next place, how are these deposits made? They may be made by deposit with a private gentleman. Any one gentleman sitting here may say to the man who moves the 100 bales of cotton, "I will receive your draft, and you may check upon me for

the value of your cotton." That is a deposit. It is a deposit with him as an individual; and what difference does it make whether he be called a bank, or a banker, or a private person? He performs simply the duty of facilitating the transmission of the cotton to market. Consequently if you tax such transactions at all, you should not select certain classes of depositories to tax—not bankers or merchants, but you should tax all who perform that same service. In that sense there isn't a gentleman here who is not a depository, just as much as a bank or banker is.

I say, furthermore (what follows as a matter of course), that the more active the commercial industry of the nation is, the more numerous are the deposits. In other words, the more produce there is to be moved, the more money value is represented, and that is all that there is about it.

You will see, from this statement, that the argument is unanswerable. Taxes upon deposits are direct taxes upon industry, collected through banks and bankers, and their practical operation is to repress and hinder all kinds of trade and commerce. Any gentleman here may put questions to me to show any defect in the argument if there be any. If that be so, then the question is whether it is politic at this time to tax industry. Does not the country require all the aids and all facilities that it can secure, and to have all impediments to industry removed, if possible?

Mr. KELLEY—Do not all taxes affect industry and production?

Mr. COE—Undoubtedly they do; and it is because these charges upon deposits are in reality taxes upon labor, and operate as an excise duty upon every product of human industry moving in market, that they are now so oppressive. They ALL demand relief together. The question then is, Mr. Chairman, is it best, at this time, when excise duties and war taxes upon internal commerce have been cut off by the wisdom of Congress, to continue any portion of them? Is it fair to hold on to one particular part under the false idea that it affects only the special class of people, who have to pay it; or is it not better, following the policy already indicated by Congress to sweep the whole thing away as no longer expedient?

Mr. KELLEY—Is not that a mistaken assumption of yours? Did we not collect last year nearly one hundred and seventeen millions from excise?

Mr. COE—The answer is this: I submit, in the first place, whether Congress has not considered it wise to remove excise duties of every kind as far as possible; and, if so, that it follows logically that those taxes upon labor, which practically takes the form of deposits, and which thus represents the whole system of human industry, should, for the same reason, be also removed.

Mr. BURCHARD—I understand your position to be that deposit accounts are the indebtedness of the banks, and that the indebtedness of banks ought not to be taxed any more than the indebtedness of individuals.

Mr. COE—That is rather limiting the conclusions deducible from my argument.

Mr. BURCHARD—Am I right in the first proposition, that deposit accounts represent indebtedness?

Mr. COE—That is true.

Mr. BURCHARD—And that indebtedness, in your opinion, is not a fair subject for taxation?

Mr. COE—That is true.

Mr. THOMAS—The illustration which you give is that in effect this taxation on deposits is a taxation on the cotton itself?

Mr. COE—Yes, sir. And the point is that this was a war tax. All these taxes were war taxes. They were not regarded seriously at the time. They were borne in the first place because we were all generally patriotic, and desired to pursue the great subject then in hand; and in the second place because the great movements of the war gave great activity to commerce, and the enlargement of the currency was so continual that everybody was eager to secure some commodity to-day, and to sell it to-morrow, in order to secure the advancing price, and to repeat the operation the next day, upon the issue of more currency, simply for the profit which he might gain by it. Therefore the tax was freely paid, and was considered of no consequence, because the profits, and the general activity and success of commerce, in every branch of industry, was such that the tax could easily be diffused. It was borne as a matter of little consequence, just as all other taxes were borne during that period.

But all those peculiar conditions have passed away, and now we are come to a place where the circumstances are entirely reversed. The war is over; commerce is not active; currency does not expand any more. On the contrary, we are returning to a contraction of currency. That being the case, it is very hard for persons who buy something to-day, and who know that they have to sell it to-morrow at perhaps a cheaper rate, or take the chance of doing do so; I say it is very hard for them to incur this risk, and, in addition, to pay this tax.

Looking at contraction as inevitable, and as necessary, people have, in the ordinary parlance, "discounted" the fact, and have resolved, for their own part, to act accordingly. How do they act? By buying as little as possible, and by selling as soon possible; by doing everything in the most economical mode possible; by keeping their employes to the lowest measure of compensation possible; in other words, by pressing all kinds of commodities and commerce to the level at which they originally were, until solid ground is reached. That transitional point is the period at which this tax goads us to the very quick. It takes the life out of commercial banks. In ordinary cases a tax upon commerce can be diffused. As long as it is possible for banks or bankers, or other custodians, to charge a rate of interest by which they can distribute this tax through the community, it bears lightly on them; but when we come to a place where there is a redundancy of currency, where the amount lying on deposit is more than is needed and is not used, when the rate of interest goes down, there is no possibility of a distribution of the taxation, and the burden must fall upon the depositaries who have it. The result is that these depositaries are being rapidly extinguished. The banks of this country cannot possibly afford to pay all this taxation. All healthy taxation, in order to be fair, must be diffused. This is no longer possible in respect to this tax. The fact is that during the last two or three years (and it will be so until we come back to specie payment) a large volume of unused currency has been lying in the banks, because it has not been needed in trade, and it will continue to lie there, especially in the great cities where commerce condenses, and where the deposits are particularly large. And the consequence is that, if this tax be continued, and be imposed with all other taxes, these city institutions cannot live. It is impossible for them to stand it. The institution over which I have the honor to preside pays $800 every day of its

existence for taxes, before it pays a single dollar for expenses, or does anything; and our next-door neighbor pays $1,600 every day for taxes. How is it possible to get this back or to distribute it?

For the last three years the rate of interest charged by the New York banks has averaged less than five per cent.; and any commercial operation which it is now safe for banks to go into must be done at four per cent., if done at all. How then, can banks in New York pay three per cent. to the State, one-half of one per cent. to the Government, and these peculiar taxes on their functions besides? One of two things must happen. These institutions must be extinguished, or the tax removed. Which is best? Is it public policy that they shall be extinguished? Are we not approaching a period when, above all other times in the history of the country, organized capital is neccessary for recuperation? We are passing through a period now when we must have, in organized form, all our possible resources, or we shall utterly fail in the movement of a return to specie payments.

Mr. TUCKER—What dividends are paid by the New York banks among their stockholders?

Mr. COE—I will come to that in a moment. These institutions, I say, must be extinguished (because it is impossible for them to proceed and occupy the position they do), or this tax must be removed. Now, to prove this: during the last year, from the city of New York alone, there has gone out from taxation, bank capital and surplus (which is the same thing) 13½ millions. This has been divided, and given back to the parties who put it in. Another large institution stands ready, waiting for the result of this proposed removal of taxation, to say whether it shall send back five millions more. I allude to the Bank of Commerce, the largest banking institution in the United States. Then there are other institutions of a smaller class (amounting to some two millions more) ready to do the same. That is 13½ millions of banking capital already withdrawn, and eight millions in contemplation of withdrawal. And the value of the remaining banking capital in the city of New York has depreciated 12½ per cent. That, on a capital of seventy-seven millions, represents a loss of about nine millions more; which makes a total of over thirty millions of bank capital and value lost, because it could not stand the taxation. And this will go on until there is nothing left.

Now, what is the function that the banks perform? At the present time when currency is not wanted, they gather it up in reservoirs, waiting for the time when it is wanted. That is a service indispensable to be performed, and which individuals cannot perform. The banks gather together the excessive currency, and they are ready to return it to the Government in exchange either for the funded debt or for coin, as the Government may permit. And it is very hard that the banks should perform this valuable service—being the custodians of this idle, unused, unnecessary compulsory currency—and then have to pay the Government one-half of one per cent. on it.

You are well aware (and it is a most happy fact) that the balance of trade has turned in our favor to a very large amount. General Grant has put it very fairly in his late message. Who takes care of this gold when it comes? What is the use of it? Does any gentleman here keep it, waiting for that great exigency when the country will want it? Who performs the service of simply taking care of something which is, absolutely, a dead thing, and of

no use as money, because it is demonetized, and is no use for anything else? The banks. And upon every dollar of it which the banks thus hold for the benefit of the country, and not of themselves, they are required to pay one-half of one per cent.

This is an agency of most vital importance. If it is swept away, you will find, to the sorrow of the country, that it must be reorganized, and all the experience and discipline of years and years will be lost. There are gentlemen here representing institutions which have a record of seventy-five years and of 100 years. Banking is not a thing that can be grown up in a day, banks are institutions whose roots descend to the very origin of society. No society can possibly live without them. They are indispensable in civilized life. No country that you know of exists without such institutions.

Shall these institutions that perform this service without the possibility of reward, be taxed for doing it? This coin is of no use; it lies in our banks utterly idle. The only thing we do about it is to reckon it up and pay one-half per cent. to the Government for taking care of it. Is it just? Is it high public policy? Is it statesmanship? Is it not striking at the very vital point affecting financial recovery?

Mr. KELLEY—While gold is not money in the hands of individuals, does it not answer the purposes of money in the banks by being counted as part of the reserve?

Mr. COE—I thank you for mentioning the reserve. That suggests another point. You are aware that the law, as it now stands, requires all depositories of money in cities to carry a reserve of twenty-five per cent., in other words, to keep twenty-five per cent. of their deposits on hand idle. They are not relieved from taxation upon that portion in consideration of not being allowed to use it; they are taxed upon it all just the same. We pay a tax not only upon the coin which we cannot use, but upon the reserve which we cannot use. It only strengthens the argument, and makes it more emphatic.

Now, as to dividends, the banks in the city of New York, one-half them have not for the last two years earned their dividends, and for the last year not one-third of them. And I say, furthermore, that there is not one-third of all those that have not drawn upon the reserves which they accumulated during the war. They have paid the dividends out of those reserves to the stockholders, if they have paid any. Why have they done so? Because their stockholders consist largely of women and dependent persons. The average amount owned by each stockholder is $2,000. The shareholders of these banks are not a body of capitalists, bloated bondholders, or any other odious term. They are mostly people in moderate circumstances, who have savings in the bank to the average amount of $2,000, and these people cannot live in this exhausted state state of things unless they get something out of their stock. They appeal to us in agony and distress, "Give us a dividend. Draw it from your reserves. The reserves were made for dividends." And so we by necessity respond, "We must do it." And we have done it. I repeat that our institutions did not earn the dividends which they have declared, but they paid them out of their reserves because they could not help responding to the agonies of the stockholders and the to necessities of the case. I tell you that on every hand the financial fabric is falling into decay. The whole thing is going to destruction. And upon your decision

depends the question whether that destruction shall go on or whether it shall be stayed. The structure of government under which we live is no more important to the people than are the institutions which we represent here. You are well aware of their age, their importance, and their stability. When all kinds of corporations are falling around us, from demoralization and wrong doing, how few, how very few, how small a percentage of those banking institutions are giving way for that reason. It is an exception worthy being recorded. But it is impossible for them to continue. They will fall, and like lamps without oil, they will burn out and expire.

The aggregate deposits of the banks in the United States amount to two thousand and twenty-two million dollars. The money of the United States—paper, gold, and every other sort called money—is about eight hundred million dollars; so that the deposits would represent nearly three times more than all the money in the country. This shows clearly that these deposits are not money, which is the subject matter of discussion, but that they represent industry. They represent factories, looms, cotton, corn, even whiskey and tobacco.

Allow me simply to recapitulate. The tax on deposits is a tax on commerce, on its changes and interchanges. Every gentleman who knows anything about commerce, knows that if he sends produce to Boston he draws upon it and deposits the draft in bank; that the owner in Boston, when he forwards it somewhere else, does the same thing, and that it is the mass of these interchanges that go to make up bank deposits, and on which the banks have to pay this tax.

The money value of this question is about eight millions of dollars. Is it better policy for the government of the United States to dispense with that eight millions, which bears so oppressively upon every industry of the nation, or to continue it merely to redeem a bonded debt that is not due? What are you going to do with the money thus acquired? You have a surplus, and have had it for several years. These eight millions so extracted from the industries of the people, are going to pay a debt in advance of its maturity. Every person in the United States would gladly borrow his portion of it, and not allow it to be thus paid. It is against public policy to hurry this payment now, when we are straining for our very life. It will all be fully and easily met as soon as we get back to a sound specie currency—the currency of commerce and of the world. We shall then rise again, like a giant from slumber. But now we are passing through a strait, which must be passed. Is there any statesmanship or common sense in prematurely doing that thing? I leave the question there.

In a future article we propose to give further extracts from the proceedings of this latest public conference of the banks with the Committee of Ways and Means, and to show how important and fruitful have been the results of the union between the banks and the Chambers of Commerce which was at that time begun, and has since been kept up with a view to obtain a remission of the oppressive taxes on the banking business. It is proposed to have a similar conference in December next. At the Convention this month the

Executive Council will report on this subject, but it has not transpired whether or not they are in favor of such a public conference.

Among the arguments against taking off the bank taxes one is based upon the mistaken opinion that the Treasury needs the revenue derived from these taxes. If this view were correct, the banks would no doubt acquiesce in the suggestion for delay. They did so throughout the war, and it is conspicuously manifest in every page of our financial history that the banks and moneyed institutions of the United States have always been foremost in every judicious and needful effort to sustain the Government, and give energy, stability and strength to our public and private credit. The surplus of the Treasury receipts is now so large that bank taxes can be at once extinguished without the slightest injury or inconvenience to the Government. This is evident from the following table, which shows the amount of surplus for each year as stated by Secretary Sherman to the Finance Committee of the Senate during the last session of Congress:

SURPLUS GOVERNMENT REVENUE, 1866–1880.

Year ending June 30.	*Net receipts.*	*Net payments.*	*Surplus.*
1866.........	$558,032,620 06	$520,809,416 99	$37,223,203 07
1867.........	490,634,010 27	357,542,675 16	133,091,335 11
1868.........	405,638,083 32	377,340,284 86	28,297,798 46
1869.........	370,943,747 21	322,865,277 80	48,078,469 41
1870.........	411,255,477 63	309,653,560 75	101,601,916 88
1871.........	383,323,944 89	292,177,188 25	91,146,756 64
1872.........	374,106,867 56	277,517,962 67	96,588,904 89
1873.........	333,738,204 67	290,345,245 33	43,392,959 34
1874.........	289,478,755 47	287,133,873 17	2,344,882 30
1875.........	288,000,051 10	274,623,392 84	13,376,658 26
1876.........	287,482,039 16	258,459,797 33	29,022,241 83
1877.........	269,000,586 62	238,660,008 93	30,340,577 69
1878.........	257,763,878 70	236,964,326 80	20,799,551 90
1879.........	273,827,184 46	266,947,883 53	6,879,300 93
1880.........	333,526,610 98	267,642,957 78	65,883,653 20
Total....	$5,326,752,062 10	$4,578,683,852 19	$748,068,209 91

Another argument is, that the bank taxes should not be reduced because the banks enjoy the privilege of issuing notes, and that they ought to pay by taxation for the special privileges conceded to them by the Government. To this the answer is, that the banks are perfectly willing to pay all reasonable taxation, but that the mischievons effects of the present system of taxation cause its incidence to fall on the borrowers to the great injury of commerce and trade. Besides, it is a great mistake to suppose that the banks which are called upon to pay taxes, are recouped by the privilege of issuing notes. In the following table the Comptroller of the Currency shows that there were in 1880 in the United States 6,532 banks, of which the note-issuing aggregate numbered only 2,076, while the other 4,466 banks issue no circulation:

STATISTICS OF NATIONAL, STATE AND PRIVATE BANKS, 1876–1880.

Years.	*National Banks.*			*State banks, private bankers, etc.*			*Savings banks with capital.*			*Savings banks without capital.*		*Total.*		
	No.	*Capital.*	*Deposits.*	*No.*	*Capital.*	*Deposits.*	*No.*	*Capital.*	*Deposits.*	*No.*	*Deposits.*	*No.*	*Capital.*	*Deposits.*
		Millions.	*Millions.*		*Millions.*	*Millions.*		*Millions.*	*Millions.*		*Millions.*		*Millions*	*Millions.*
1876	2,091	500.4	713.5	3,803	214.0	480.0	26	5.0	37.2	691	844.6	6,611	719.4	2,075.3
1877	2,078	481.0	768.2	3,799	218.6	470.5	26	4.9	38.2	676	843.2	6,579	704.5	2,120.1
1878	2,056	470.4	677.2	3,709	202 2	413.3	23	3.2	26.2	668	803.3	6,456	675.8	1,920.0
1879	2,048	455.3	713.4	3,639	197.0	397.0	29	4.2	36.1	644	747.1	6,360	656.5	1,893.5
1880	2,076	455.9	900.8	3,798	190.1	501.5	29	4.0	34.6	629	783.0	6,532	650.0	2,219.9

But, moreover, it is proved by unquestionable statistics that the vaunted privilege of note issue is no longer as profitable as it is often supposed to be. The Comptroller of the Currency has compiled a table showing how many of the 2,076 note-issuing banks do not avail themselves of their full privilege, but emit a smaller sum than they are entitled to keep outstanding. It appears from these official records that no less than seventy millions of unissued notes are kept from circulation, for the simple reason that their issue does not offer sufficient profits. Subjoined is the table referred to:

AGGREGATE OF NOTES AUTHORIZED BUT NOT ISSUED.

Geographical Divisions.	*Banks having capital not exceeding $500,000.*		*Banks having capital exceeding $500 000.*		*Total.*	
	Issued.	*Uncalled for.*	*Issued.*	*Uncalled for.*	*Issued.*	*Uncalled for.*
	$	$	$	$	$	$
New England States.	79,322,430	7,046,763	43,014,500	11,485,238	122,336,930	18,532,001
Middle States......	82,940,955	9,291,590	29,681,740	21,094,833	112,622,695	30,386,423
Southern States.....	23,162,985	2,620,845	1,370,000	510,000	24,532,985	3,130,845
Western States......	52,284,710	11,620,690	5,707,380	4,552,620	57,992,090	16,173,310
Pacific States and Territories.......	3,244,700	935,800	640,000	560,000	3,884,700	1,495,800
United States..	240,955,780	31,515,688	80,413,620	38,202,691	321,369,400	69,718,379

Another fact has also been overlooked by the opponents of bank-tax repeal. For several years past the capital invested in those banks which enjoy the right to issue notes, has returned to its owners a very small percentage of dividend. It is true that a few banks, from special circumstances, have made large profits. But these exceptional facts prove nothing, and they occur in all departments of business. The authentic reports of the banks show that the total dividends earned by the note-issuing banks throughout the United States compare as follows:

PERCENTAGE OF DIVIDENDS EARNED BY NATIONAL BANKS.

Period of six months ending—	*No. of banks.*	*Capital.*	*Surplus.*	*Total dividends.*	*Total net earnings.*	*Ratios.*		
						Dividends to capital.	*Dividends to capital and surplus.*	*Earnings to capital and surp's*
Mar. 1, 1878	2,074	475,609,751	122,373,561	18,982,390	16,946,696	3.99	3.17	2.83
Sept. 1, 1878	2,047	470,231,896	118,687,134	17,959,223	13,658,893	3.81	3.04	2.31
Mar. 1, 1879	2,043	464,413,996	116,744,135	17,541,054	14,678,660	3.78	3.02	2.53
Sept. 1, 1879	2,045	455,132,056	115,149,351	17,401,867	16,873,200	3.82	3.05	2.96
Mar. 1, 1880	2,046	454,080,090	117,226,501	18,121,273	21,152,784	3.99	3.17	3.70
Sept. 1, 1880	2,072	454,215,002	120,145,649	18,290,200	24,033,250	4.03	3.18	4.18

A still more suggestive fact is that referred to by Mr. Coe in regard to the banks which pay no dividend. Every year more and more of the shares of National banks and of other corporations, are becoming the property of widows and orphans, and these movements exhibit in a new and important light the inability of many of those banks which issue currency to make dividends. It is gratifying to observe that this evil is apparently not increasing, as will be seen from the following table:

NATIONAL BANKING CAPITAL EARNING NO DIVIDENDS.

Geographical divisions.	*Six months ending—*				*Average for the year.*	
	March 1, 1880.		*September* 1, 1880.			
	No. of banks.	*Capital.*	*No. of banks.*	*Capital.*	*No. of banks.*	*Capital.*
New England States	30	$6,965,000	15	$3,025,000	23	$4,995,000
Middle States	68	9,959,000	73	9,138,000	70	9,548,500
Southern States	29	4,129,000	27	3.945,900	28	4,037,450
Western States and Territories	99	9,354,200	118	10,225,250	109	9,789,725
Totals for 1880	226	30,407,200	233	26,334,150	230	28,370,675
Totals for 1879	309	53,843,700	299	44,576,300	304	49,210,000
Totals for 1878	328	48,797,900	357	58,736,950	343	53,767,425
Totals for 1877	245	40,452,000	288	41,166.200	266	40,809,100
Totals for 1876	235	34 290,320	273	44,057,725	254	39,174,022
Average for five years	269	41,558,224	290	42,974,265	279	42,266,244

Two causes have been prominent in producing the inability of our banks to earn dividends on the capital invested in them. One is connected with the interior efficiency of the institutions and their management, or with the conditions of the locality and business field which they occupy. With such circumstances we have nothing to do. A more important obstacle to bank prosperity in the United States is the oppressive, crushing nature of the Federal and State taxation. To show the percentage of the earnings of our banks, which is thus consumed, we give from the report of Comptroller Knox the following statistics:

PERCENTAGE OF NATIONAL BANK CAPITAL CONSUMED BY TAXES.

1878.

	Capital.	Amount of taxes.			Ratios to capital.		
		United States.	State.	Total.	United States.	State.	Tot.
					Per ct.	Per ct.	P. ct.
New England States.	$166,737,594	$1,900,735	$2,593,043	$4,493,778	1.1	1.6	2.7
Middle States........	176,768,399	3,054,576	3,217,485	6,272,061	2.7	1.8	3.5
Southern States......	31,583,348	409,839	406,076	815,915	1.3	1.3	2.6
Western States and Territories........	95,974,897	1,362,082	1,839,929	3,202,011	1.4	2.0	3.4
United States....	471,064,238	6,727,232	8,056,533	14,783,765	1.4	1.7	3.1

1879.

	Capital.	United States.	State.	Total.	United States.	State.	Tot.
New England States.	$165,032,512	$1,942,209	$2,532,004	$4,474,213	1.2	1.5	2.7
Middle States........	170,431,205	3,190,113	2,936,269	6,126,382	1.9	1.7	3.6
Southern States......	30,555,018	425,997	383,927	809,924	1.4	1.3	2.7
Western States and Territories........	90,949,769	1,457,812	1,751,032	3,208,844	1.6	2.0	3.6
United States....	456,968,504	7,016,131	7,603,232	14,619,363	1.5	1.7	3.2

Some of these statistics refer to the National banks alone. The same principles, however, apply with still greater force to the State banks and private bankers, as we shall show hereafter. We conclude with a table furnished by Mr. William A. Camp, the Manager of the New York Clearing House, showing the effects of bank taxation in diminishing in the city of New York the aggregate capital on which the banks do business. The importance of an ample capital as a foundation for the credit and solvency of any system of banks is generally recognized. Several circumstances have combined to induce the New York banks to diminish their aggregate capital during the last fifteen years. But for the mischievous effects of bank taxation, however, and the irritation and other evils thus produced, it is doubtful whether the total capital of our New York banks would not have increased instead of diminishing, inasmuch as the rapid expansion of the volume of transactions suggests the necessity of a broader basis of capital to support the augmenting pressure of the daily business.

Mr. Coe's warnings to the Committee, on page 119, have been fully verified. The capital of the New York city banks has been still more depleted, and it is not possible to foresee how much further the evil will go unless the proper remedy be applied. It has long been accepted as one chief cause of our freedom from banking panics, formerly so disastrous in this country, that our banking system was fortified with large reserves and ample capital and surplus. In England similar safeguards have not been so watchfully applied, and the narrow basis of the paid-up capital in comparison with the deposits and transactions is one of the causes which has tended with the scanty cash reserves to produce the spasms

of the British money market incident to the financial panics of 1825, 1837, 1847, 1857, 1866 and 1873, and have more lately brought disaster on the City of Glasgow bank as well as the West of England, the Chesterfield and North Derbyshire, and other defunct institutions. To return to our own banking system, every page of its history demonstrates the fact that without a large capital and ample reserves it is vain to hope for that stability, strength and elasticity which are essential in a country whose commerce is as active and its productive powers as expansive as those of the United States. Mr. Camp's table is as follows:

DECREASE OF AGGREGATE CAPITAL OF NEW YORK CITY BANKS.

Year.	*Date.*	*Capital.*	*Surplus.*	*Total.*	*Deposits.*
1858..	June 19..	$67,041,200	$7,531,600	$74,572,800	$103,082,600
1859..	" 25..	68,645,000	7,555,500	76,200,500	96,458,400
1860..	" 30..	69,758,800	8,055,200	77,814,000	106,382,800
1861..	" 22..	69,650,600	8,328,800	77,979,400	102,165,100
1862..	" 28..	69,125,700	8,647,600	77,773,300	154,043,900
1863..	" 13..	69,401,800	11,714,200	81,116,000	207,839,800
1864..	" 25..	69,683,500	15,704,000	85,387,500	231,468,700
1865..	" 24..	83,357,300	21,440,000	104,797,300	285,757,700
1866..	July 2..	84,322,200	23,144,800	107,467,000	303,540,200
1867..	" 1..	84,772,200	27,467,000	112,239,200	207,077,200
1868..	" 6..	84,260,100	29,224,100	113,484,800	238,198,000
1869..	June 26..	84,923,300	32,504,500	117,427,800	208,241,400
1870..	" 25..	85,162,000	32,837,100	117,999,100	246,899,500
1871..	" 17..	88,678,800	34,854,900	123,533,700	271,001,700
1872..	" 29..	87,315,700	36,361,300	123,677,000	261,625,500
1873..	" 28..	88,051,800	38,867,100	126,918,900	250,030,000
1874..	" 26..	85,285,200	40,787,000	126,072,200	265,841,200
1875..	" 12..	84,085,200	39,872,600	123,957,800	274,126,000
1876..	" 30..	81,822,200	31,870,600	113,692,800	245,551,300
1876..	Oct. 2..	81,731,200	31,943,500	113,674,700	255,027,600
1877..	June 30..	77,185,200	30,985,500	108,171,700	163,060,400
1877..	Oct. 1..	71,085,200	29,433,400	100,518,600	147,474,000
1878..	June 29..	68,072,800	28,093,600	96,166,400	244,922,200
1879..	" 14..	62,575,200	28,850,300	91,425,500	476,609,200
1880..	" 11..	62,144,800	33,038,200	95,183,000	302,384,600
1881..	" 30..	62,537,700	35,961,100	98,498,800	375,495,500

WHO SHOULD ATTEND THE CONVENTION?

It is one of the numerous indications of the success of the Bankers' Convention of 1881, that in distant parts of the country an inquiry has arisen as to how many delegates any banking institution is entitled to send. This question was discussed at one of the meetings of the Buffalo Committee of Arrangements a few weeks ago at Niagara Falls. The Executive Council have not had the matter under special consideration this year, but in previous Conventions the rule has always been that each bank, if it desired, might send more representatives than one. Moreover, all bankers and banks in the United States, whether previously members of the Association or not, are recognized as having a representation in the Conventions, by the officers of the Association, if their own designated and invited delegates do not happen to be present. This

arrangement refers to the discussions, and to the reading of the papers. In voting on any questions whatsoever, a different rule obtains. Each bank has one vote only, and all delegates voting must be subscribing members of the Association. We have consulted some of the officers and members of the Executive Council, and the opinion is that until some new arrangements are made, of which there is no immediate prospect, all officers, shareholders, or directors, who go to Niagara accredited from any of the banks in the United States, can attend the Convention. They may participate in its discussions, and register their names so as to avail themselves of the special rates and other facilities extended by the railroads and the proprietors of the various places of interest. We do not think that any such representatives of banks and banking houses, will fail to meet a hearty welcome, even though they may not have received a formal invitation to attend the Convention. The safest course, however, is to write beforehand to the office of the Association at New York, as all invitations are issued from that point.

A more important matter in a practical point of view pertains to the duties devolving on those who attend the Convention. Each representative or delegate of a bank should, during his stay at Niagara, if not previously, write to his Congressman or Senator urging them to give their best attention to the bill for the repeal of bank taxation, which will be introduced into Congress as early next session as possible. It will be necessary to put forth our best efforts during the brief interval prior to the meeting of Congress next December, if we are to get rid of the ruinous taxation on the banking business. To aid this work of informing members of Congress on the whole subject of bank-tax repeal, a number of documents have been prepared which we shall be pleased to send to any bank delegate who may desire to avail himself of them.

Of course, the main objects of many of our most influential bankers and bank officers will be to learn what they can, to meet old friends, to form the acquaintance of new friends, and especially to see and converse with many correspondents whom they have never yet personally met. By others the opportunity will be sought of learning the financial and industrial wants of distant sections of the country, by the testimony of bankers who are intimately acquainted therewith. To a still a greater number the monetary future and the commercial and general progress of the country will be the topics of minute investigation, while all may be expected to share in the social enjoyments which promise to be better organized than in some previous years. If the Convention, from some of the causes above enumerated, should lose somewhat of its exclusive character, the loss

will be a real gain, and it will tend to augment the solid advantages which are the chief objects of these yearly meetings.

SPECIE RESUMPTION IN ITALY.

It is a fundamental principle, established by science, financial history and practical experience, that when any country having a depreciated paper currency adopts the policy of specie resumption, two conditions are necessary to consummate the reform and to secure its success. The first of these conditions is the accumulation of coin, and the second the contraction of the currency. In Italy the new law for specie resumption, as published by the London *Economist*, makes ample provision in both these respects. It authorizes a loan for the accumulation of gold, and it provides that part of the outstanding Treasury notes shall be withdrawn and cancelled. The law fixes the amount of the loan at $ 128,800,000 of which $ 80,000,000 are to be in gold. The rate of interest permitted is not to exceed five per cent., and the proceeds of the loan are to be exclusively used for the absorption and cancelling of the Treasury notes. By the recent advices we learn this loan has been successfully negotiated, and in a short time the difficult process of currency contraction will no doubt begin. Some of the London newspapers express the opinion that the whole pressure of currency withdrawal is to be applied at a very early day.

We venture to doubt whether this expectation can be realized. The commerce and industry of Italy are so prosperous, and the reputation of its statesmen for economic skill and practical knowledge is so high, that it may be expected with confidence that the present and prospective movements for specie resumption will be consummated without the errors of policy which caused so much evil in this country after the war. Contraction of the currency, it has been said, "is one of the most delicate and difficult achievements of financial statesmanship." To apply contraction wisely, its extent should be in proportion to the redundance it aims to correct, and its movements should never be more severe than the minimum required to accomplish the desired results.

The efforts of Italy for monetary reform, unlike those adopted by the United States during the paper-money era, have to deal with a currency whose depreciation is comparatively small. The premium on gold since 1866 has seldom risen above ten per cent., and at present it is below one per cent. In the United States the average premium in Wall street ranged in 1874 from 109 to 114⅜; in 1875, from 111¾ to 117⅝; in 1876, from 107 to 114⅛; in 1877, from 102½ to 107⅞; in 1878, from 100 to 102⅞,

Such were the movements of the gold premium during the five years preceding specie resumption in this country, and for the previous five years the premium was still more considerable, especially in 1869, when the panic of Black Friday raised the price of gold to 162½.

The paper currency of Italy consists of $188,000,000 of Treasury notes, and $145,000,000 of bank notes. As the population of the country is reported at 26,801,154 in the census of 1871, and probably approaches now to 30,000,000, the proportion of the monetary circulation per capita, seems to have scarcely reached any very notable limits of excess, and the contraction of the currency may be expected, therefore, to play a less formidable part in the preparations for resumption. The smaller notes are to be first cancelled. All denominations below one dollar are to be withdrawn from circulation as fast as they are paid into the public treasury. Next. it is provided by the resumption law that notes of the higher denominations to the aggregate of $120,000,000 can be withdrawn as is convenient. How the contraction will be effected and under what regulations has not as yet been announced. The paper-money issues of Italy began in 1866, and the aggregates for each year compare as follows:

PAPER CIRCULATION OF ITALY, 1866–1880.

	Total Government notes.	*Total Bank notes.*	*Aggregate Circulation.*
1866........	$50,000,000	$49,185,000	$99,185,000
1867........	50,000,000	97,400,000	147,400,000
1868........	55,600,000	112,620,000	168,220,000
1869........	55,600,000	119,130,000	169,730,000
1870........	89,000,000	99,490,000	188,490,000
1871........	125,805,000	115,510,000	241,315,000
1872........	148,000,000	124,675,000	272,675,000
1873........	158,000,000	132,865,000	290,865,000
1874........	176,000,000	126,645,000	302,645,000
1875........	188,000,000	124,250,000	312,250,000
1876........	188,000,000	129,205,000	317,205,000
1877........	188,000,000	125,710,000	313,710,000
1878........	188,000,000	134,455,000	322,455,000
1879........	188,000,000	146,490,000	334,490,000
1880........	188,000,000	144,990,000	332,990,000

The coin balance in the Treasury amounts to nearly $15,000,000 of gold and silver, and if the contraction of the currency is so managed as not to depress confidence, check business or diminish the revenue, the needful reserve of coin on which success so much depends, will gradually be increased. To meet the popular want for small change in place of the cancelled paper currency, silver will need to be coined. The amount of the small notes outstanding is reported at $63,000,000. What standard of weight is to be adopted for the new coinage has not transpired, nor is it known whether the new silver coin is to be made an unlimited legal tender. The uncertainty as to these and other questions has reassured, to some extent, the London market and removed the

apprehensions which prevailed for some time of an export demand for gold for Italy which might cause perturbation in the money markets of England and Continental Europe.

THE TRADE BETWEEN THE WEST AND EUROPE.

As a number of papers and addresses are to be presented to the Convention on this subject, it may be useful to make a brief cursory survey of some of the water routes along which the direct trade between our Western cities and Europe has been developed. The railroad routes are better known and are fully discussed elsewhere. The first and oldest of our lines of interior navigation to the seaboard is, of course, the Mississippi river, whose improvement has tasked our best engineering skill for many years, and, notwithstanding a large expenditure, it is still far from completion. The Welland canal has done much for the agriculture and commerce of the Northwest and its usefulness is augmenting. Traversing the Niagara peninsula it opens an easy transit for vessels from Lake Erie down through twenty-four locks to Lake Ontario. The original Welland and St. Lawrence canals were first constructed by Canada at a cost of about $20,000,000. When the projected improvements are finished at a cost of about twenty millions more, the canal will be one hundred feet wide and fifteen deep throughout its whole length of twenty-six miles. Its locks will be 270 feet long by forty-five feet wide, and they will allow vessels of fifteen hundred to two thousand tons, drawing twelve feet of water, to pass from lake to lake and proceed on their voyage towards the ocean. As they emerge from Lake Ontario into the St. Lawrence river, these ships are nearly two hundred and fifty feet above the level of Montreal, and the rapids that intervene necessitate a system of canals and locks which are to be improved at a cost of $10,000,000 during the next two years. When these works are finished, grain vessels, loaded at Chicago, will be able to proceed to European ports without breaking bulk. The value of such improvements, however, to the commerce of the West is impaired by their being unavailable because of the closing of navigation by frost for several months in the year. A similar inconvenience diminishes the usefulness of the Erie Canal, which is closed by the frost for a shorter period than the Welland Canal. From Buffalo to New York is 502 miles, of which 352 miles are by the Erie Canal to the Hudson river at Albany. The descent from Lake Erie to tidewater is 568½ feet. The canal is seventy feet wide at the surface and fifty-six at the bottom. It is seven feet deep, and its seventy-two locks are 110 feet long by eighteen feet wide. The Erie Canal boats, whose

ample proportions are familiar to the steamboat passengers on the Hudson, have a capacity of 210 tons, and if towed by horses make the trip from Buffalo to New York in thirteen days. The Baxter steamboats offer some advantages, and future inventions may give further aid to the development of the advantages conferred on our interior commerce by the Erie canal. By some persons it is proposed to enlarge the canal and to give it two feet more of water, increasing the dimensions of the locks and adopting other expedients for the promotion of speed and economy of transit. These and other suggestions have been anxiously canvassed for many years. It is not established, however, to the satisfaction of our best authorities, that the same vessels can be made available for ocean navigation and for lake and river use. Moreover, the competition with large ocean steamers of vast capacity, with modern inventions for loading and unloading the grain, has suggested doubts whether it will pay to send cargoes from Chicago to Havre, Liverpool or London in vessels small enough to pass through the Erie canal, even if, at great cost, the canal could be made as large as the Welland. Such an enlargement is, of course, not to be thought of, and in presence of these doubts public opinion seems inclined to dismiss, for the present, the projects for expending large sums of money upon any material change in the capacity of the Erie canal, and to rest satisfied with the immense advantages which it has created and is still creating for the commerce between the West and the seaboard, especially as its defects have have been partly removed during the last few years, and what remain are supplemented by the vast capacity and low rates of the railroads. Opinions differ on these points, however, and we hope that a place will be found, in some of the addresses at the Convention, for an elaborate and comprehensive survey of the routes of water and railroad communication, by whose aid the direct trade between the West and Europe has been to so great an extent stimulated and fostered.

NEW YORK CITY MANUFACTURES.

The census returns collected under the supervision of Charles E. Hill, chief special agent in the city of New York of the census office, show that the total number of establishments of miscellaneous industries in the city is 11,068. The capital invested is $157,581,749, and the total amount of wages paid during the past year was $89,518,934. The value of the material used was $267,043,236, and the product was valued at $435,422,102. These siatistics do not include the manufacture of cotton, wool, silk, silk goods and mixed textile fabrics, iron and steel, gas, glass, coke, the fisheries, oyster canning and packing, breweries and distilleries, ship building, railroad car repair shops, salt, petroleum, mining and refining, and the mining industries of the county, these branches having been assigned to special experts without regard to locality.

CURRENT EVENTS AND COMMENTS.

ADVANCE IN THE SHARES OF A BROKEN BANK.

To the eighty-five per cent. already divided among the creditors, the liquidators of the City of Glasgow Bank have declared another dividend of five per cent., which will make the total dividends paid ninety per cent. The bank failed in October, 1878, less than three years ago, with liabilities of $64,000,000 and assets of $38,000,000. Under the common law there is no limit to extent of the liability of the shareholders, and the Glasgow bank had failed to organize under the limited liability law. Hence, each shareholder was jointly and severally liable for the deficit of the defunct bank to the full extent of his property. The first assessment made upon the unfortunate stockholders was for five times their stock, which amounted to $4,200,000. This assessment should have yielded $21,000,000, but it only brought in $10,500,000. A second assessment of $2,250 for every $100 of stock was levied on the shareholders still solvent, and yielded $11,500,000. Of 1,819 shareholders only 269 remain; the others have been ruined. Nearly 600 gave up their estates and property, and others became bankrupt, while a few were allowed to retain their property on their friends paying its full value. To the trustees of the relief fund, which exceeded in amount $1,950,000, no fewer than 883 applications were made for aid. It is one of the most singular and characteristic instances of the blind severity of British public opinion that, notwithstanding the widespread calamities which were caused, no suggestion was made by the press or elsewhere that the creditors should make some concession or temporary reduction in their claims. How safely and equitably this might have been done is proved by the fact that the few shareholders who still survive their losses, are likely to realize considerable profits, and the shares have risen to a high premium. A share was recently advertised for sale in a London paper as a decidedly valuable and attractive investment at £3,000. "It is now publicly known," said the advertiser, "that the liquidators hold assets of great and admitted magnitude and value, but requiring time for their realization. To any one who can afford to await the realization of these assets, it is reasonably anticipated that a satisfactory result will ultimately ensue, and, having regard to the small number of remaining shareholders, this is an investment well worthy of attention."

THE PURCHASE OF SILVER BY THE BANK OF ENGLAND.

The recent Monetary Conference, it has been said, has done much indirectly, though directly it may seem to have accomplished but little. One of its indirect results is discussed by the London *Economist*, of July 9th, in connection with a proposed change in the policy of the Bank of England as to the purchase of silver, which was practically given up after 1860. Our contemporary says: "The question as to the amount of silver which may be purchased may be safely left to the discretion of the Bank of England. The Bank, it is certain, will not buy unless it can do so with security. The amount held cannot under any circumstances be large; but the influence of the transaction is by no means to be measured by the amount. It is a proof that, in the opinion of the Bank, the transaction is a safe one, and it will not be a safe transaction unless

great freedom of coinage of silver as legal tender is exercised by other countries. It is not our place in this country to decide what the coinage arrangements of other countries should be; but if in 1881, as in 1860, it is in our power to render them what they consider a service, it would be far from politic for us to decline to do so. The fact that the Bank may hold some silver would, as we have observed, in no way affect the monetary system of this country. It would be simply a transaction made by the Bank of England as a bank, which it is fully within its power to make. The notes of the Bank of England not being legal tender at the Bank, the reserve of that institution must be held in gold now as much as before. The notes in the banking department are the representatives of so much gold on demand, and so they must remain. We should be very wrong if, because those notes are not in circulation, we thought them unimportant or really idle money. They form the pivot, the center, on which the whole monetary system of the country turns, and the security of that center must be maintained unimpaired.". Before we can estimate how far the Monetary Conference of 1881 was a failure and how far it was a success, we should take into the account the indirect effects it has potentially produced, many of the most salutary of which are only just beginning to appear.

EXPORTS OF LUMBER FROM THE PORT OF NEW YORK.

1881.	Feet.
January	6,213,559
February	4,789,152
March	5,243,954
April	9,931,677
May	7,341,844
June	8,457,646
Total January 1st to July 1st, 1881	41,977,832
Total January 1st to July 1st, 1880	34,935,899
Total January 1st to July 1st, 1879	33,842,867
Total January 1st to July 1st, 1878	26,178,286
Total January 1st to July 1st, 1877	27,839,860

. . . The above figures do not include the exports of hard woods. In 1877, when lumber at the West was low and in small demand there, 8,283,639 feet of deals were shipped thence to Great Britain *via* New York.

LAKE SUPERIOR COPPER AND IRON.

The product of refined copper from the mines of Lake Superior, with the average value, is given as follows:

Year.	Tons.	Pounds.	Values.
1854 and previous	6,992	1,727	$3,146,400
1860	6,034	375	2,654,960
1870	12,311	849	5,096,752
1880	24,869	367	9,947,673
Total	301,053	1,662	$142,616,137

A statement of the aggregate product of the iron mines and furnaces, together with the value of the same, for the years noted is as follows:

Years.	Ore.	Pig iron.	Ore and pig.	Value.
1856 and previous	86,319	——	86,319	$258,957
1860	114,401	5,660	120,061	736,496
1870	859,507	49,298	908,805	6,300,170
1880	1,987,598	48,523	2,036,121	19,457,427
Total	15,321,128	790,298	16,111,426	$118,093,662

NATIONAL BANKS OF NEW YORK CITY.

June, 1879-1881.

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National Banks in the City of New York, at the close of business on Thursday, June 30, 1881, and also on June 11, 1880, and June 14, 1879.

RESOURCES.	1881. *June 30, 48 banks.*	1880. *June 11, 47 banks.*	1879. *June 14, 47 banks.*
Loans and discounts	$262,700,012	$212,685,145	$178,975,217
Overdrafts	120,863	——	——
U. S. bonds to secure circulation	22,352,500	22,420,500	24,185,500
U. S. bonds to secure deposits	820,000	820,000	225,255,700
U. S. bonds on hand	15,657,800	6,385,450	12,998,300
Other stocks, bonds & mortgages	11,537,551	10,454,579	8,936,233
Due from other National banks	15,694,553	12,771,067	14,030,290
Due from State banks & bankers	2,079,233	1,836,627	2,206,321
Real estate, furniture & fixtures	10,730,409	10,077,872	9,827,078
Current expenses and taxes paid	171,715	1,262,034	1,364,033
Premiums paid	1,217,065	814,350	1,618,207
Checks and other cash items	2,307,926	1,756,216	1,696,246
Exchanges for Clearing House	113,212,382	105,252,495	67,008,511
Bills of other National banks	2,562,098	3,432,238	2,143,183
Fractional currency	43,115	52,478	60,500
Specie:			
Gold coin	19,658,412	57,829,426	18,349,742
Silver coin	484,247		
U. S. gold certificates	4,513,400		
U. S. silver certificates	680,130		
C. H. gold certificates	41,858,000		
Legal-tender notes	11,518,256	14,381,023	21,933,827
U. S. certif. of dep. legal-tenders	2,850,000	3,615,000	15,255,000
Five-per-cent. Redemption fund	978,933	——	——
Due from U. S. Treasurer	519,496	1,234,326	1,277,633
	$544,268,102	$467,080,831	$607,121,526

LIABILITIES.	1881.	1880.	1879.
Capital stock paid in	$51,150,000	$50,650,000	$50,750,000
Surplus fund	19,882,931	17,835,188	15,786,880
Other undivided profits	10,768,757	11,289,293	9,765,878
National bank notes outstanding	19,359,190	19,732,984	20,398,788
State bank notes outstanding	47,472	45,921	53,256
Dividends unpaid	1,429,052	125,934	122,253
Individual deposits	284,242,159	252,352,558	188,285,679
United States deposits	568,039	284,435	223,813,792
Deposits of U. S. disburs'g officers	108,691	145,576	197,322
Due to other National banks	117,651,167	86,800,466	73,692,943
Due to State banks and bankers	39,060,641	27,818,472	24,254,730
	$544,268,102	$467,080,831	$607,121,526

STATE TAXATION OF NATIONAL BANKS.

SUPREME COURT OF THE UNITED STATES OCTOBER TERM, 1880.

The German National Bank of Chicago, Appellant v. *Mark Kimball, Collector of the Town of South Chicago, and Samuel H. McCrea, Treasurer, etc.—Appeal from the Circuit Court of the United States for the Northern District of Illinois.*

Mr. Justice MILLER delivered the opinion of the Court.

This is a bill in chancery, filed by the appellant in the Circuit Court for the Northern District of Illinois, to enjoin the defendant, who was the State tax collector, from enforcing payment of the taxes assessed against its shareholders on their shares of the bank stock.

The general ground on which this relief is sought is two-fold, namely: that the assessment violates the provision of the act of Congress concerning National banks, which forbids the States from taxing these shares at any higher rate than other moneyed capital within the State; and that it also violates the provision of the constitution of the State of Illinois concerning uniformity of taxation. The bill of complaint was dismissed on demurrer and from that decree this appeal is taken.

The bill is made up of averments which are intended to show that the valuation of the property of other persons in the same town, made by the same assessor, is less in proportion to its actual cash value than that of plaintiff's shares; that the same is true in other parts of the State. That some corporations are favored in this valuation, and that certain classes of property are favored in a general way. But there is no distinct averment that the shares of this bank are valued higher for the purpose of taxation than other moneyed capital generally, though this is alleged in regard to particular instances. The allegations are pretty full that the assessments are partial, unequal, and unjust, and do not result in the uniformity of taxation which the constitution of Illinois requires.

But we think there are two fatal objections to the bill.

The first of these is, that there is no offer to pay any sum as the tax which the shares of the bank ought to pay.

We have announced more than once that it is the established rule of this court that no one can be permitted to go into a court of equity to enjoin the collection of a tax until he has shown himself entitled to the aid of the court by paying so much of the tax assessed against him as it can be plainly seen he ought to pay. That he shall not be permitted, because his tax is in excess of what is just and lawful, to screen himself from paying any tax at all until the precise amount which he ought to pay is ascertained by a court of equity. That the owner of property liable to taxation is bound to contribute his lawful share to the current expenses of government, and cannot throw that share on others while he engages in an expensive and protracted litigation to ascertain that the amount which he is assessed is or is not a few dollars more than it ought to be. But that before he asks this exact and scrupulous justice he must first do equity by paying so much as it is clear he ought to pay, and contest and delay only the remainder.—(*State Railroad Tax Cases*, 92 U. S. R., 575.)

The bill attempts to evade this rule by alleging that the tax is wholly void, and, therefore, none of it ought to be paid, and that by reason of the absence of all uniformity of values, it is impossible for any person to compute or ascertain what the stockholders of the complainant bank ought to pay on the shares of the bank. In the case above mentioned this court said, in answer to the first objection: "It is clear that the road-bed within each county is liable to some tax at the same rate that other property is taxed. Why have not complainants paid this tax? It is said they resist the rule by which the value of their road-bed in each county is ascertained. But surely they should

pay tax by some rule. . . . Should they pay nothing, and escape wholly, because they have been assessed too high? These questions answer themselves. Before complainants seek the aid of the court to be relieved of the tax, they should pay what is due. Before they ask equitable relief, they should do that justice which is necessary to enable the court to hear them."—(*Idem.*, 616.)

In the same case the court said: "It has been repeatedly decided that neither the mere illegality of the tax complained of, nor its injustice nor irregularity, of themselves, give the right to an injunction in the court of equity," and the authorities there cited support the proposition. The whole extent of the injustice complained of in this bill is the inequality of the actual assessment, and for this it is argued the whole tax of the township is void; and as the bill seeks to bring into view the inequality as regards other counties in the State, it follows that, if the bill be sustained, and the entire tax of the State for that year must be declared void, in order that complainant may be relieved of a few thousand dollars and escape taxation for that year entirely.

In the case just referred to this court said: "Perfect equality and perfect uniformity of taxation, as regards individuals and corporations, on the different classes of property subject to taxation, is a dream unrealized. It may be admitted that the system which most nearly attains this is the best. But the most complete system which can be devised must, when we consider the immense variety of subjects which it necessarily embraces, be imperfect. And when we come to its application to the property of all the citizens, and of those who are not citizens, of a large State like Illinois, the application being made by men whose judgments and opinions must vary as they are affected by all the circumstances brought to bear upon each individual, the result must inevitably partake largely of the imperfection of human nature, and of the evidence on which human judgment is founded."—(*Pape* 612.)

These principles are sufficient to decide the case, and were declared by this court in a case arising in the same State and under the same constitution and revenue laws with the one now before us.

In the recent case of *The People* v. *Weaver*, 100 U. S. R., 539, and *Pelton* v. *National Bank*, 101 U. S. R, 143, and *Cumming* v. *National Bank*, Idem. 153, an apparent exception to the universality of the rule is admitted. It is held in these cases that when the inequality of valuation is the result of a statute of the State designed to discriminate injuriously against any class of persons or species of property, a court of equity will give appropriate relief; and also where, though the law itself is unobjectionable, the officers who are appointed to make assessments combine together and establish a rule or principle of valuation, the necessary result of which is to tax one species of property higher than others, and higher than the average rate, the court will also give relief. But the bill before us alleges no such agreement or common action of assessors, and no general rule or discriminating rate adopted by a single assessor, but relies on the numerous instances of partial and unequal valuations which establish no rule on the subject.

So far as anything of the kind is to be inferred, it is that shares of National-bank stock, including plaintiff's, were assessed at only thirty-four per cent. of their value, which, by the board of equalization, was raised to fifty-three per cent.; and other property more, and still other less.

The case, then, made by plaintiff, is this: that the shares of the bank are taxed at the same per cent. on their assessed values as all other property; that the valuation of these shares, on which this rate is apportioned, is only about half their actual value; that some other property is valued at less than half of its cash value, and for this reason no tax should be paid on the shares of complainant's bank.

And if any should be paid at all, the sum which may in the end be found justly due, and which, during the four or five years of this litigation, must be paid for the support of the Government by some one else, shall remain in complainant's pocket until it is ascertained precisely to the last dollar what each share should have paid.

We think the Circuit Court did not err in dismissing such a bill, and its decree is affirmed.

LEGAL MISCELLANY.

PARTNERSHIP—LIABILITY OF OUTGOING PARTNER FOR SUBSEQUENT DEBTS OF FIRM.—In a suit in equity to charge the estate of a partner who retired from the banking firm of Jay Cooke & Co., in 1871 and died in 1877, with the amount of certain deposits made with said firm in 1869, *held*, that where money is deposited with a banking firm which subsequently dissolves, and whose business is continued by a new firm, the liability of the members of the old firm continues, unless facts be shown from which an intention to accept the liability of the new firm in lieu of the liability of the old firm can be fairly inferred. If such facts be shown, the liability of a retired partner will be held to have been extinguished. That where a banking firm is dissolved, and the business is carried on by a new firm which has agreed to assume the liability of the old firm, slight circumstances only are required to justify finding the existence, on the part of a creditor of the old firm, who has notice of the dissolution and of the agreement of the new firm, of an intention to accept the liability of the new firm in place of the liability of the old. *Ex parte Williams*, Buck, 13; *In re Smith, Knight & Co.*, L. R., 4 Ch. App. 66; *In re Family Indors. Soc.*, L. R., 5 Ch. App. 118; *Hart* v. *Alexander*, 2 M. & W. 489; *In re Med., etc., L. Assur. Co.*, 24 L. T. Rep. 455, *Kerwin* v. *Kerwin*, 2 Crompt. & M. 627; *Brown* v. *Gordon*, 16 Beav. 209; *Harris* v. *Farwell*, 15 id. 31; *Hall* v. *Jones*, 56 Ala. 493; the cases *Heath* v. *Hall*, 4 Taunt. 352; *Droagnes* v. *Noble*, Meriv. 562; *Daniels* v. *Cross*, 3 Ves., Jr., 277; *Harris* v. *Lindsay*, 4 Wash. 100, distinguished. U. S. Circ. Ct. E. D. New York, Feb. 16, 1881. *Regester* v. *Dodge*. Opinion by BENEDICT, D. J.

CONFLICT OF LAW—LEX LOCI CONTRACTUS—USURY.—A promissory note made and payable in New York, but delivered and discounted in Massachusetts, is subject to the law of the latter State in relation to usury. *Andrews* v. *Pond*, 13 Pet. 65; *Tilden* v. *Blair*, 21 Wall. 241; *Upham* v. *Brimhall*, 11 Metc. 526; U. S. Circ. Ct., Fermont, January 18, 1881. *Hiatt* v. *Griswold*. Opinion by WHEELER, D. J. 5 Fed. Rep. 573.

NEGOTIABLE INSTRUMENT—CHECKS—DUE DILIGENCE IN PRESENTATION.—The holder of a check upon a bank located in the town of his residence may present it for payment on the day after the same is drawn, and his omission to present it sooner is no defence to an action by the holder against him, the bank upon which it was drawn having failed, unless the holder had information of the bank's precarious condition. *See* 2 *Dan. Neg. Inst.*, §§ 1590, 1591; North Carolina Sup. Ct., Jan., 1881. *First National Bank of Charlotte* v. *Alexander*. Opinion by SMITH, C. J. 84 N. C. 32.

——PROMISSORY NOTE PROVIDING FOR ATTORNEY'S FEES NOT.—A paper to be negotiable must be certain as to the time of payment and the amount to be paid. An instrument (in other respects) in the form of a note, which contains a promise to pay a certain sum, with current rate of exchange in New York, together with counsel fees and expenses in collecting it, if placed in the hands of an attorney for collection; and which further provides that the payees shall have power to declare said note due at any time they may deem it insecure, even before maturity, is non-negotiable for uncertainty; (1) as to the *amount* to be paid, by reason of the stipulation for attorney's fees and rate of exchange, and (2) as to the *time* of payment, by reason of the provision which makes it payable before maturity at the future option of the payee. *Goodloe* v. *Taylor*, 3 Hawks, 458; *Harris* v. *Burwell*, 65 N. C. 584; *Parsons on Bills and Notes*, 30, 37; *Wood* v. *North*, 84 Penn. St. 407; *Brooks* v. *Heasgreaves*, 21 Mich. 254; North Carolina Sup. Ct. January, 1881. *First National Bank of New Windsor* v. *Bynum*. Opinion by ASHE, J. 84 N. C. 24.

——DRAFT—PROMISE TO ACCEPT NOT ACCEPTANCE—RIGHTS OF PURCHASER BUYING ON FAITH OF PROMISE BY TELEGRAPH TO ACCEPT.—E. L. living in Westminter, Maryland, sent to B. & Co., of Baltimore, a telegram dated April 27, 1878, in the following words: "You may draw on me for seven hundred dollars." The same was received about two o'clock P. M.

the same day, being Saturday. On the Monday following, April 29th, B. & Co. drew their draft in favor of themselves on E. L. for $700, payable at sight. On the day of its date the draft indorsed by B. & Co. was received by the F. Bank of Baltimore, and the amount thereof placed to the credit of the drawers upon the faith of the telegram and the authority thereby given, the same being shown to said bank. The draft was sent to a bank in Westminster for collection, and on the 7th day of May, 1878, was presented to E. L., who refused to pay the same, and it was protested for non-payment. In an action by the F. Bank against E. L. upon said draft, it was *held*, that the telegram of April 27 could not be deemed and treated as an acceptance of the draft; that the suit could not be maintained as an action upon an accepted draft, nor could the plaintiff recover upon the general money counts; that the telegram must be construed as an authority to draw the draft payable at sight; that such an authority implies a promise to accept the draft upon presentation, and to pay it at maturity; that such authority and promise inured to the benefit of any *bona fide* holder of the draft who took it on the faith of the promise; that plaintiff being the *bona fide* holder of the draft was not affected by the state of accounts between B. & Co. and the defendant. It was decided in *Coolidge* v. *Payson*, 2 Wheat. 66 (affirming S. C., 2 Gall, 233), "that a letter written within a reasonable time before or after a bill of exchange is drawn, describing it in terms not to be mistaken, and promising to accept, is, if shown to one who takes the bill on the credit of the letter, a virtual acceptance binding the person who makes the promise." That decision was based upon the cases of *Pillans* v. *Von Mierop*, 3 Burr. 1663; *Pierson* v. *Dunlop*, Cowp. 571, and *Mason* v. *Hunt*, 1 Doug. 296. It would seem that this is not the law in England at this time, as appears from the opinions of eminent counsel cited in 2 Story's C. C. 219, 220, and from the case of *Bank of Ireland* v. *Archer*, 11 M. & W. 384 m. But the rule in *Coolidge* v. *Payson* was afterward reasserted in *Schimmelpenich* v. *Bayard*, 1 Pet. 264, and in *Boyce* v. *Edwards*, 4 id. 111. It was recognized and approved by this court in *Lewis* v. *Kramer*, 3 Md. 289, and seems to be well established in this country. See, also, *Carnagie* v. *Morrison*, 2 Metc. 406; *Wildes* v. *Savage*, 1 Story 22. As to the liability of defendant to plaintiff who paid money upon the strength of his authority and promise see *Russell* v. *Wiggin*, 2 Story 213; *Swift* v. *Tyson*, 16 Pet. 1; *Maitland* v. *Citizens' Nat. Bank*, 40 Md. 440; Maryland Ct. of Appeals. *Franklin Bank of Baltimore* v. *Lynch*. Opinion by Bartol, C. J. Appearing in 52 Maryland.

Receiver—Cannot Ratify act to the Prejudice of His Trust—Retaining Checks Claimed to Effect Transfer of Credit.—In an action by the receiver of an insolvent bank to recover the amount of an overdraft, it was sought by defendant to reduce the amount due from him by applying to his credit balances due from the bank to certain depositors, which such depositors had attempted, by checks drawn on the bank about the time of its failure, to transfer to defendant's account. Certain of these checks which were accepted by an officer of the bank, came into the receiver's hands and were retained by him, and it was claimed by defendant that this retention amounted to a ratification of the act of the officer of the bank who received them. *Held*, that the act of the receiver could not be so construed. He was the mere officer of the court, and powerless to do anything except as provided by law or directed by the court. The receiver is described as an officer of the court, a trustee for the creditors and a representative of the corporation. *Devendorf* v. *Barclay*, 23 Barb. 659. It has been held that he cannot waive a technical defense (*McEwert* v. *Lawrence*, Hoff. Ch. 175), or the rights of the creditors for whose protection he was appointed. *Reilly* v. *Dusenbury*, 10. J. & S. 238. See, also, *High. on Receiv.*, § 188. If under the authority derived from the statute the receiver in this case had the power to allow a set-off (2 R. S. 469, §§ 68, 74, Laws 1849, ch. 226, § 11), that power did not extend to a case where no mutual debts subsisted at the date of his appointment and a demand had been afterward assigned to effect such purpose. In *re Van Allen*, 37 Barb. 231. Judgment affirmed. *Van Dyck* v *McQuade*. Opinion by Finch, J. New York Court of Appeals. [Decided April 26, 1881.]

JURISDICTION OF SUIT BY NATIONAL BANK—NEGOTIABLE INSTRUMENT.—(1) Under the provision of United States Revised Statutes, section 629, giving the Federal Circuit Courts original jurisdiction of all suits by or against any banking association, established in the district in which the court is held under any law providing for National banking associations, those courts have jurisdiction of suits brought by or against a National bank, without regard to the citizenship of the parties, and it has been so held by this court. *Kennedy* v. *Gibson*, 8 Wall. 498. (2) A bond issued by a county in aid of a railroad company set forth that the county was indebted to the railroad company, "or the holder hereof if this bond is transferred by the signature of the president of said company." The bond was indorsed, "For value received this bond is transferred to bearer," which indorsement was signed by the president of the company mentioned. *Held*, that the bond was a negotiable instrument. In order to make a promissory note or other obligation, for the absolute payment of a sum certain, on a certain day, negotiable, it is not essential that it should in terms be payable to bearer or order. Any other equivalent expressions demonstrating the intention to make it negotiable will be of equal force and validity. Com. Dig., Merchant, F. 5; 3 Kent's Com. 77; Chitty on Bills, 180 (8th ed.); Bayley on Bills, 120 (5th ed.); Story on Prom. Notes, §44. (3) Defenses in pleas to which demurrers were allowed were set up in other pleas, to which demurrers were overruled. *Held*, on defendant's appeal, that whether the court was right or wrong in its judgment on the demurrers was immaterial. "There must be some injury to the party to make the matter generally assignable as error" *Greenleaf's Lessee* v. *Birth*, 5 Pet. 132; *Randon* v. *Toby*, 11 How. 493. Judgment of U. S. Circ. Ct., M. D. Tennessee, affirmed. *County of Wilson* v. *Third National Bank of Nashville.* U. S. Supreme Court. Opinion by WOODS, J. [Decided April 4, 1881.]—*Albany Law Journal.*

NEGOTIABLE INSTRUMENT—EQUITIES AVAILABLE AGAINST TRANSFEREE TAKING GUARANTY FROM PAYEE..—Where a promissory note is transferred, and the collection of it is guaranteed by the payee in the following form, to wit: "This note is transferred, and the collection of the same guaranteed to the holder hereof," the makers can make any defense to a suit commenced by an assignee that could have been made to a suit if commenced by the payee, notwithstanding the assignee may take the note before due, and without knowledge of any infirmity in the note. *Trust Co.* v. *National Bank*, 101 U. S. 68; *Lamourieux* v. *Hewett*, 5 Wend. 307; *Miller* v. *Gaston*, 2 Hill, 188 U. S Circ. Ct., Nebraska, Jan. 3, 1881. *Omaha National Bank* v. *Walker.* Opinion by DUNDY, D. J. [5 Fed. Rep. 399.]

———INDORSEMENT—INDORSER OF NOTE ON DEMAND ENTITLED TO NOTICE OF DISHONOR.—A made a promissory note, payable on demand with interest, to the order of B. It was indorsed by B and then by C; B and C affixing their names for the accommodation of A and to enable A to borrow money from the plaintiff on the note. *Held*, that C was liable as an indorser, not as a joint maker, and was entitled to due notice of dishonor. *Held*, further, that C's liability was not varied by the fact that the note was payable on demand with interest The case does not fall within the rule laid down in *Mathewson* v. *Sprague*, 1 R. I. 8, and reaffirmed in several later cases, for which see *Carpenter* v. *McLaughlin*, 12 id. 270, that one who indorses a note payable to another before its issue is liable to the payee as a joint maker, and is therefore not entitled to notice. The case presents simply the question whether an accommodation indorser on a note like that in suit is entitled to the usual notice of dishonor. That such an indorser is ordinarily entitled to such notice is beyond question, and if in the case at bar there is any doubt, it is because the note is payable on demand with interest, instead of being an ordinary time note The precedents, however, show that this is not a circumstance which varies the right of the indorser. *Smith* v. *Becket*, 13 East 187; *Rice* v. *Wesson*, 11 Metc. 400; *Lockwood* v. *Crawford*, 18 Conn. 361; *Perry* v. *Green*. 19 N J Law, 61; *Lord* v. *Chadbourne*, 8 Me. 198; *Daniel Neg. Instr.*, § 707; 1 *Parsons Notes and Bills*,

555. See also, *Howe* v. *Merrill*, 5 Cush. 80; *Vore* v. *Hurst*, 13 Ind. 551; *Bigelow* v. *Colton*, 13 Gray, 309; *Clapp et al.* v. *Rice et als.*, id. 403, *Dubois* v. *Mason*, 127 Mass. 37; *Good* v. *Martin*, 5 Otto, 90. Rhode Island Sup. Ct., Oct 30, 1880. *Sawyer* v. *Brownell*. Opinion by DURFEE, C. J. [To appear in 13 R. I. Rep.]

SURETYSHIP—EXTENSION OF TIME OF PAYMENT—CONSIDERATION—USURIOUS AGREEMENT.—The payment of a certain sum of money for the extension of time upon a note, though regarded as a payment of usurious interest, constitutes a valuable consideration under the statutes of Michigan, and the agreement to extend will operate to discharge a surety on the note, if made without his consent. The courts are nearly uniform in their judgments that a *promise* to pay usurious interest will not uphold an agreement to forbear, because the promise cannot be enforced, though it was held otherwise in *Wheat* v. *Kendall*, 6 N. H. 504. But when the usurious sum has been paid, learned judges differ whether there is a consideration to uphold the agreement or not. In New York and Vermont the statute declares contracts tainted with usury to be void; and if usury has been paid, it can be recovered back, with a penalty against the taker. In the former State it was held by two judges, without dissent from the other two, that payment of usury does not afford a consideration. *Vilas* v. *Jones*, 1 N. Y. 274. In Vermont, on the other hand, a united court has repeatedly held the other way. *Turrill* v. *Boynton*, 23 Vt. 142; *Burgess* v. *Dewey*, 33 id. 618. In South Carolina and Missouri such contracts are not void by statute, and in both it has been held that usury paid will not uphold an agreement to forbear. *Cornwall* v *Holly*, 5 Richardson (S. C.), 47; *Bank* v. *Harrison*, 57 Mo. 503. In Wisconsin it was decided, in *Meiswinkle* v. *Jung*, 30 Wis. 361, that usurious interest paid was not a sufficient consideration; but in a recent case the earlier decision has been overruled. *Hamilton* v. *Prouty*, 7 N. W. Rep. 659. In Kentucky, Indiana, Illinois and Ohio, the statute, like that of Michigan, does not make the contract void, and the decisions are uniform that usurious interest paid is a valuable consideration and upholds the agreement to forbear. *Kunningham* v. *Bradford*, 1 B. Monroe, 325; 8 id. 382; *Cross* v. *Wood*, 30 Ind. 378; *Wittmer* v. *Ellison*, 72 Ill. 301; *McComb* v. *Kittridge*, 14 Ohio 348. See 1 *Pars. on Notes and Bills* (2d ed.), 240. U. S. Circ. Ct., W. D. Mich., Jan. 15, 1881. *Vary* v. *Norton*. Opinion by WITHEY, D. J.

WHAT IS LAWFUL MONEY?

OPINION OF THE ATTORNEY-GENERAL.

DEPARTMENT OF JUSTICE,
WASHINGTON, June 14th, 1881.

Hon. WILLIAM WINDOM, *Secretary of the Treasury:*

SIR: Yours of the 6th instant desires my opinion "As to whether, under the provisions of section 4, Act of June 20, 1874, National banks, desiring to withdraw circulating notes, are required to deposit *legal-tender notes* with the Treasurer of the United States before the surrender by him of United States bonds held to secure said circulating notes?"

The Act of June 20, 1874, Ch. 343, section 4, reads:

"Sec. 4. That any association organized under this Act, or any of the acts of which this is an amendment, desiring to withdraw its circulating notes, in whole or in part, may, upon the deposit of *lawful money* with the Treasurer of the United States, in sums of not less than nine thousand dollars, take up the bonds which said association has on deposit with the Treasurer for the security of such circulating notes, which bonds shall be assigned to the bank in the manner specified in the nineteenth section of the National Bank Act; and the outstanding notes of said association, to an amount equal to the *legal-tender notes* deposited, shall be redeemed at the Treasury of the United States and destroyed, as now provided by law." 18 Stats, 124.

From the papers accompanying your letter, I learn that the query suggested arises from the fact that, while the first clause of section four, as above

quoted, permits the withdrawal of bank notes upon the deposit of *lawful money* the concluding one authorizes the redemption and destruction of such notes only "to an amount equal to the *legal-tender notes* deposited;" and that while the United States Treasurer considers his authority to surrender and assign bonds, as well as to redeem and destroy bank notes, to be thus limited, "to an amount equal to the legal-tender notes deposited," the Comptroller of the Currency, on the contrary, holds that the banks may withdraw their bonds upon a deposit of anything that is "lawful money" to the requisite amount.

The latter appears to me to be the correct view, even if the result should be that the Treasurer's power to redeem circulation would be more limited than that of the banks to withdraw their bonds.

The language of this section is almost too unambiguous for construction. It expressly confers upon these banking associations the right to deposit sums of not less than $9,000 in "lawful money" and take up the bonds deposited as security for circulating notes. That these words as here used, possess their ordinary signification is apparent from the phraseology of concomitant and other provisions of law, and from considerations touching the general subject. The first of the latter to suggest itself is the purpose for which the bonds are originally deposited with the Treasurer of the United States. As observed by my predecessor (XVI. Ops. 666), this purpose is to secure the billholders; to ensure performance by the bank of its promise to redeem its issues in lawful money, *i. e.* in coin or legal-tender bills of the United States. This purpose is accomplished, if the bank desires to take up its bonds, equally by depositing coin or legal-tender notes, which are now equivalent to coin.

Such is the requirement in case any association wishes to take up all its bonds and withdraw from business; R. S. Sec. 5,222 says that, "Within six months from the date of the vote to go into liquidation, the association shall deposit with the Treasurer of the United States *lawful money* of the United States sufficient to redeem all its outstanding circulation."

What is "lawful money" is stated in R. S. sections 3,585, 3,586 (amended by Act of Feb. 28, 1878, Ch. 20), 3,588 and 3,589,

R. S. Sec. 5,224, provides that "Whenever a sufficient deposit of *lawful money* to redeem the outstanding circulation of an association proposing to close its business has been made, the bonds deposited by the association to secure payment of its notes shall be reassigned to it."

Sec. 5,226 permits notes which any such institution "fails to redeem *in the lawful money* of the United States," to be protested.

Under the next section (5,227) a special agent is "to ascertain whether it has refused to pay its circulating notes in the *lawful money* of the United States when demanded;" and if he reports such to be the case its bonds are forfeited to the United States, and it is prohibited (by Sec. 5,228) from continuing business. Thereupon, under Sec. 5,229 the Comptroller of the Currency is to notify "the holders of the circulating notes of such association to present them for payment at the Treasury of the United States, and the same shall be paid as presented, in *lawful money* of the United States."

Of like purport are the other sections of the Act of June 20, 1874, chapter 343, of which the fourth section is under consideration. Section 7 requires the Comptroller of the Currency to make requisitions upon certain of these banks to withdraw and return a stated portion of their circulation, or, in lieu thereof, to deposit in the Treasury of the United States *lawful money* sufficient to redeem such circulation; and upon the return of the circulation required, or the deposit of *lawful money* a proportionate amount of their bonds is to be restored to them. 18 Stats., 124.

The following section (8) authorizes a sale of the bonds, upon failure to return circulation or deposit lawful money, as required under the preceding section.

I can come to no other conclusion than that a deposit of lawful money, to the amount mentioned in the Act, will authorize the banking association making the deposit to receive a proportionate amount of its bonds, although the lawful money so deposited be coin instead of legal-tender notes.

Very respectfully, your obedient servant,

(Signed) WAYNE MACVEAGH, *Attorney General.*

TAXING FOREIGN BANK CAPITAL.

ABSTRACT OF COMMISSIONER RAUM'S DECISION.

The Bank of Montreal, a corporation created by act of Parliament, with a capital of $ 12,000,000, a reserve fund of $ 5,000,000, and deposits of $ 17,000,000, has a branch in Chicago, under the supervision of an agent, who conducts the business in the name of the Bank of Montreal, under the control and direction of its officers. The funds are furnished by the bank or by its agents in New York. The amounts used in Chicago constantly vary, so that there is no fixed amount employed there. An examination of the books of the bank at Chicago discloses the fact that during the past nine years full returns for taxation have not been made of the money belonging to the bank and employed at its Chicago establishment. The attorney for the bank states that the bank in Chicago is a branch of the Bank of Montreal, that the sum of $ 100,000 has been allotted to it as capital, and that under the provisions of the third sub-division of section 3,408, Revised Statutes, the amount of taxable capital is fixed by such allotment, so that other moneys of the Bank of Montreal used by its Chicago branch can be taxed neither as capital, the same not having been allotted as capital, nor as deposits, because the money is the property of the Bank of Montreal.

Commissioner Raum, before whom the question was long pending, lately rendered a decision in which he says: "In my opinion the law is well settled that the Bank of Montreal, being a foreign corporation, cannot establish a branch in the State of Illinois by virtue of authority conferred in its charter. Its authority can be conferred only by the laws of that State. Such law has not been cited, and is not believed to exist. Mr. Boutell has stated in argument that the business of the bank in Chicago is transacted in the name of the Bank of Montreal, and that suits in respect to such business are brought in the name of said bank. Under the foregoing statement of law and facts, I am of the opinion that the provision of law cited in regard to branch banks and the allotment of capital is not applicable to this case. The Legislature of the State of Illinois probably possesses the constitutional power of restricting by law the exercise of the powers of banking by foreign corporations in said State. This, however, has not been done. The Bank of Montreal is, therefore, lawfully engaged in the business of banking in its own name in the city of Chicago. It has brought a portion of its funds within the jurisdiction of the laws of the State and of the United States, and with said funds has engaged in the business of banking. It is under the protection of those laws, and subject to their provisions in respect to taxation. The laws of the United States have been framed with a view of levying a uniform tax upon the business of banking. Certain exemptions have been provided for capital invested in United States bonds and in respect to deposits of certain classes of Savings banks, but no exemption has been provided for the funds of foreign banks employed in the business of banking in this country. I regard it as contrary to a sound public policy, and prejudicial to the interests of the citizens of the United States, to exempt from taxation the funds of a foreign bank which are employed in the business of banking in this country in competition with domestic banks whose capital is subject to taxation. The rule in taxing domestic banks is to assess the chartered capital. This rule cannot justly be applied to the Bank of Montreal for the reason that its $ 12,000,000 of capital has not been brought within the jurisdiction of the laws of the United States. A fair and just rule would seem to be to tax the amount of money brought within the jurisdiction of the United States and used in the business of banking, month by month, during each semi-annual tax period."

In concluding his opinion, Gen. Raum says: "For the months of December, 1880, January, February, March, April and May, 1881, said bank returned for taxation $ 600,000 of capital, while it actually employed in the business of banking other of its moneys, (not including deposits,) the sum of $ 25,996,460

for which it made no returns for taxation. It seems inconsistent with a true interpretation of sections 3,407 and 3,408, which were enacted for the purpose of raising revenue, to suppose that it was the intention of Congress that so extraordinary an exemption should be granted as appears to have been taken by the bank in the case just cited. Such a construction of said sections would operate as a serious discrimination in favor of foreign banks doing business in this country, which could not have been intended by the law-making power. I am, therefore, of the opinion that the Bank of Montreal is liable to taxation as capital on all its money brought within the jurisdiction of the States United and used by it at Chicago, Ill., in the business of banking."

COIN, EQUALLY WITH LEGAL-TENDER NOTES, TO BE DEPOSITED ON THE WITHDRAWAL OF BONDS.

DEPARTMENT OF JUSTICE,
WASHINGTON, D. C., June 30, 1881.

SIR: To your inquiry of the 6th I replied upon the 14th instant, that a National bank has the right, under the Act of June 20, 1874, Ch. 343, p. 4, to deposit coin for the purpose of withdrawing bonds and reducing circulation, whereupon, on this latter date, you address to me these two additional questions:

1. Whether under section 3 of the Act approved June 20, 1874, Ch. 343, a National Banking Association may deposit any lawful money other than United States notes for the redemption of its circulating notes.

2. Whether the holders of the notes of any solvent National Banking Association may demand of the Treasurer of the United States, under the provisions of sections 3 and 4 of that Act, redemption of such notes in United States notes.

First.—Inasmuch as section 3 of the Act of June 20, 1874, Ch. 343, only requires that the banks "shall, at all times, keep and have on deposit in the Treasury of the United States in the *lawful money* of the United States, a sum equal to five per centum of its circulation, to be held and used for the redemption of such circulation," I think, for the reasons indicated in my opinion of the 14th instant, construing similar language in the next section, that a bank *may* deposit coin for the purpose mentioned in the third section as above quoted.

Second.—I think the Treasury, while having the privilege, under sections 3 and 4 of said Act, to redeem bank circulation in United States notes, has the *right* to pay them in coin.

The Government notes are promises to pay dollars; for such promises the thing promised may properly be substituted by the promissor.

Again, this Act of June 20, 1874, Ch. 343, was not intended to repeal or affect the general provisions of law (R. S. Secs. 3,585 *et seq.*), making the coins of the United States a legal tender in *all* payments. These statutes fix the medium in which, as well as in United States notes, the banks may redeem its circulation at its own counter; and it gives the same privilege to the Treasurer, paying them at the Treasury of the United States.

Very respectfully, your obedient servant,
WAYNE MACVEAGH, *Attorney-General.*

Hon. WILLIAM WINDOM, *Secretary of the Treasury.*

DECLINE IN THE ERIE CANAL TRAFFIC.—The report of the canal business for the month of July shows considerable decrease as compared with the corresponding month last year. The amount of tolls collected in July, 1880, was $105,541.26, and the collections this year were only $55,541.92. The comparative shipments from the opening of navigation for the two seasons were 33,337,158 in 1880 and 14,216,285 in 1881, but the season this year opened one month later than last. The rates of freight by rail have been reduced, and much of the grain has been shipped in that way to be seaboard.

RAILROAD PROGRESS IN THE UNITED STATES.

Subjoined is a summary of the mileage, financial condition and operations of the railroads of the United States for the year 1880, as reported in *Poor's Railroad Manual* just issued. The total number of miles of the railroads of the United States in operation at the close of the year was 93,671 miles. The following statement shows the number of miles of railroad constructed and in operation each year in the United States, from 1830 to the close of 1880:

RAILROAD CONSTRUCTION 1830–1880.

Year.	*Miles in operation.*	*Annual increase of mileage.*	*Year.*	*Miles in operation.*	*Annual increase of mileage.*	*Year.*	*Miles in operation.*	*Annual increase of mileage.*
1830..	23	—	1847..	5,598	668	1864..	33,908	738
1831..	95	72	1848..	5,996	398	1865..	35,085	1,177
1832..	229	134	1849..	7,365	1,369	1866..	36,801	1,742
1833..	380	151	1850..	9,021	1,656	1867..	39,250	2,449
1834..	633	253	1851..	10,982	1,961	1868..	42,229	2,979
1835..	1,098	465	1852..	12,908	1,926	1869..	46,844	4,615
1836.	1,273	175	1853..	15,360	2,452	1870..	52,914	6,070
1837..	1,497	224	1854..	16,720	1,360	1871..	60,283	7,379
1838..	1,913	416	1855..	18,374	1,654	1872..	66,171	5,878
1839..	2,302	389	1856..	22,016	3,647	1873..	70,278	4,107
1840..	2,818	516	1857..	24,503	2,647	1874..	72,383	2,105
1841..	3,535	717	1858..	26,968	2,465	1875..	74,096	1,712
1842..	4,026	491	1859..	28,789	1,821	1876..	76,808	2,712
1843..	4,185	159	1860..	30,635	1,846	1877..	79,089	2,281
1844..	4,377	192	1861..	31,286	651	1878..	81,776	2,687
1845.	4,633	256	1862..	32,120	834	1879..	86,497	4,721
1846..	4,930	297	1863..	33,170	1,050	1880..	93,671	7,174

Subjoined is a comparative statement of the miles operated by the railroads whose earnings are reported, their capital stock and funded debt, gross earnings, net earnings, freight earnings, passenger earnings, and dividends paid for ten years:

STATISTICS OF RAILROADS, 1871–1880.

Year.	*Miles Operated.*	*Capital and Funded Debt.*	*Gross Earnings.*	*Net Earnings.*	*Freight Earnings.*	*Passenger Earnings.*	*Dividends Paid.*
		$	$	$	$	$	$
1880	84,225	4,897,401,997	615,401,931	255,193,436	467,748,928	147,653,003	77,115,411
1879	82,223	4,762,506,010	529,012,999	219,916,724	386,676,108	142,336,191	61,681,470
1878	78,960	4,589,948,793	490,103,351	187,575,167	365,466,061	124,637,290	53,629,368
1877	74,112	4,568,597,248	472,909,272	170,976,697	347,704,548	125,204,724	58,556,312
1876	73,508	4,468,591,935	497,257,959	186,452,752	361,137,376	136,120,583	68,039,668
1875	71,759	4,415,631,630	503,065,505	185,506,438	363,960,234	139,105,271	74,294,208
1874	69,273	4,221,763,594	520,466,016	189,570,958	379,466,935	140,999,081	67,042,942
1873	66,237	3,784,543,034	526,419,935	183,810,562	389,035,508	137,384,427	67,120,709
1872	57,323	3,159,423,057	465,241,055	165,754,373	340,931,785	132,309,270	64,418,157
1871	44,614	2,664,627,645	403,329,208	141,746,404	294,430,322	108,898,886	56,456,681

For the New England States the gross earnings were $48,755,609 against $41,329,825 for 1879, $41,260,203 for 1878, and $44,590,465 for 1877. Of these earnings, $29,435,726 were received for transportation of freight, mails, etc., and $19,319,883 for the transportation of passengers. The net earnings were $17,193,685 against $15,586,091 for 1879, $13,685,927 for 1878, and $13,735,746 for 1877. The dividends paid amounted to $7,999,191 against $7,236,205 for 1879, $7,566,655 for 1878, and $6,977,726 for 1877.

In the Middle States the gross earnings of the railroads were $199,003,718 against $170,310,846 for 1879, $155,458,968 for 1878, and $155,943,121 for 1877. Of gross earnings, $154,036,707 were received for transportation of freight, mails, etc., and 44,967,011 for transportation of passengers. The net

earnings were \$83,923,393 against \$70,416,970 for 1879, and \$61,559,993 for 1878, and \$61,033,089 for 1877. The dividends paid amounted to \$28,479,891 against \$23,911,164 for 1879, \$21,148,442 for 1878, and \$24,890,480 for 1877.

In the Southern States the gross earnings reported on the railroads were \$48,317,754 against \$43,917,284 for 1879, \$42,797,284 for 1878, and \$39,812,358 for 1877. The net earnings were \$18,124,034 against \$14,673,357 for 1879, \$14,379,958 for 1878, and \$12,664,346 for 1877. The dividends paid amounted to \$3,525,977 against \$2,131,770 for 1879, \$2,805,799 for 1878, and \$2,740,793 for 1877. The earnings from freight, mails, etc., were \$37,869,182, and from passengers, \$10,448,572. During the year, various consolidations of railroads were made in the Southern States, in consequence of which earnings to the amount of not less than \$2,000,000 were not reported, in addition to a very large amount of earnings by companies whose officers refused information. The total earnings of all the railroads, 16,000 miles, of the Southern States, equaled probably \$52,000,000.

In the Western States the gross earnings of the railroads were \$290,588,190 against \$232,379,646 for 1879, \$209,852,275 for 1878, and \$193,204,516 for 1877. The net earnings were \$125,166,218, against \$98,961,906 for 1879, \$77,958,229 for 1878, and \$66,085,243 for 1877. The dividends paid amounted to \$33,117,590 against \$23,561,262 for 1879, \$19,341,222 for 1878, and \$14,556,462 for 1877. The earnings from freight, mails, etc., were \$226,490,002, and from passengers, \$64,098,098. Included in the statement of earnings of the railroads of the Western States, is that of the Union Pacific, which last year was reported under the head of the "Pacific Railroads." By the recent consolidations of the Union Pacific with the Kansas and Denver Pacific, the whole system properly belongs to the Western States. The new company, in addition to its consolidated lines, owns some 2,000 miles of railroad, the earnings of only 619 miles of which are reported. It is probable that the earnings of the lines not reported equaled \$4,000,000.

In the Pacific States the earnings of the railroads, including the Central Pacific and its leased lines, amounted to \$28,736,660 against \$26,444,206 for 1879, and \$26,881,007 for 1878 Of this sum \$8,819,349 was derived from passengers, and \$19,917,314 from transportation of freight, mails, etc. The net earnings were \$10,786,106, and the dividends \$3,992,762.

The following table gives a comparative statement of the miles of railroad in each section of the United States from 1869 to 1880:

	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869
New Engl'd States	5,997	5,903	5,873	5,814	5,683	5,638	5,509	5,314	5,053	4,898	4,494	4,293
Middle States....	15,949	15,679	15,454	15,142	14,754	14,455	14,050	13,643	12,954	12,030	10,964	10,425
Southern States..	14,908	14,333	14,019	13,812	13,631	13,287	13,237	12,977	12,538	12,013	11,163	10,362
Western States...	52,588	46,963	43,132	41,169	39,836	38,254	37,300	36,179	33,677	29,562	24,587	20,600
Pacific States....	4,229	3,619	3,298	3,152	2,904	2,462	2,287	2,165	1,949	1,790	1,677	1,164
Grand Total...	93,671	86,497	81,776	79,089	76,808	74,096	72,383	70,278	66,171	60,293	52,914	46,844

Broken Banks and their Depositors.—The New Jersey Court of Appeals has just rendered a decision which deserves the attention of bank managers as well as bank depositors. Just before the Mechanics and Laborers' Savings Institution, in Jersey City, failed, a depositor, Mrs. Bridget Hannon, borrowed some money from it, giving a mortgage on real property by way of security. The amount of the loan was placed to her credit on the bank books and she drew against it by check. Before she had drawn all the bank suspended, the mortgage became due, and she refused to pay on it more than she had drawn, claiming that the balance still to her credit on the bank books should be allowed her as an offset against the amount of the mortgage. The Court of Appeals decides that her real estate is liable for the whole amount of the mortgage, and that for the amount due her as a depositor she must stand equally with the other depositors in taking such dividends as the insolvent institution can pay.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. QUALIFIED ACCEPTANCE.

Referring to page 817, April number, why was not the acceptance specifying St. Louis as the place of payment, a complete, unqualified acceptance within the tenor (intent, general drift, scope, meaning, &c.) of the draft, and upon what ground could the Arkansas bank have protested, provided such acceptance put them to no further expense or risk of transmission than acceptance payable in Arkansas would, and provided. also, St. Louis mail and banking connections with Arkansas were such as would lose to Arkansas no time in getting notice to drawer and indorsers of drafts if unpaid when due? It is said in *Story on Bills* that an acceptance is qualified when it contains any limitation different from what is expressed upon face of bill, or from what the law implies upon a general acceptance. Now, place of payment is seldom expressed upon face of bill, until acceptor expresses it as "at office, bank, &c.," but that limitation is not generally thought to make a qualified acceptance of it, that will affect drawer's liability, nor to be a limitation "different from what the law implies." And why is specifying another town such a qualification, if the town is near enough to be within time for maturing and for mailing notices, as usual to the indorsers in case of failure or non-payment on acceptor's part?

What is exact and lawful "tenor" of bill? and upon what ground or authority is it confined to the town where bill is accepted and not to office of acceptor? If "at bank, &c.," is but a memorandum, why not "at St. Louis?"

REPLY.—The law governing this question is founded upon what is called the custom of merchants, and by that custom a bill drawn upon a person at a particular place has, for a hundred years past, been regarded as a direction to him to accept the bill, and pay the sum named therein, *at that place*. An acceptance payable at a different place is not, therefore, an acceptance according to the exact meaning or "tenor" of the bill; but an acceptance payable at some particular place within the city or town, to which the bill is directed, as at a particular bank, at a particular house, (either counting house or residence of the acceptor or of a third person,) is an acceptance according to the "tenor" of the bill, because it is still payable in the city or town, to which the bill was directed, and because it has been always so regarded. This distinction between a particular place within the city or town and another city or town is derived from the custom, and the reasons for the custom are obvious. If the drawee could accept the bill, and make it payable in another place, he might make it payable in any place however remote, and so might put the holder to unexpected inconvenience, and materially affect the position of the drawers and indorsers, by making them the guarantors of a different contract from what they intended when they drew or indorsed the bill.

It is also advantageous for the holder to have a definite and simple rule to act upon in this, as in all other, matters connected with commercial paper. If, for instance, the question whether an acceptance is an acceptance according to the "tenor" of the bill, were to turn, as suggested by the inquirer, upon whether the other place at which it might be made payable, is equally convenient to all parties, by reason of situation, and banking and postal facilities,

it would put the holder in a most embarrassing position, and compel him to decide, at his peril, a very doubtful question, of the answer to which he could never by any possibility be certain. A legal decision directly upon the point will be found in the case of *Niagara District Bank* v. *Fairman & Co.*, 31 Barbour N. Y. S. Ct. Rep. 406, and a very interesting discussion of what constitutes a qualified acceptance, in the case of *Rowe* v. *Young*, 2 Broderip & Bingham's Reports, in which all the judges of England gave their opinions upon the question in the House of Lords.

II. Indorsement of Over-Due Paper.

I would like to ask whether a man who indorses a note, which is over due, can be held for the note? For example, A gives a note to B for —— dollars, payable in *three* years. After, say, *five* years B assigns to C, and of course has to indorse the note, which was payable to his order. Does his indorsement renew the note indefinitely? or was the absence of protest a release to him?

Reply.—Yes. When a promissory note is indorsed after it is due, it is treated, as between the *indorser* and *indorsee*, as a note on demand, dated at the time of the transfer, and it is necessary, in order to charge the indorser, to present it to the maker for payment within a reasonable time, and to give notice to the indorser. See *Story on Promissory Notes*, 7th ed., § 207, N. 3, and cases cited. The indorsement does not, however, renew the note indefinitely, and the absence of protest, within a reasonable time after the indorsement, would discharge the indorser. What is a reasonable time in this connection is fixed in many of the States by the statute. In Massachusetts, from which State the inquiry comes, it is sixty days.

III. Dividends on Pledged Stock.

In a suit upon a note, to which there was attached a certificate of stock as collateral, a defendant indorser claims that the plaintiff should not have permitted the maker of the note to collect the dividends on the pledged stock, but, on the contrary, that it was the plaintiff's duty to have seen that the dividends were applied upon the note. In other words that a pledge of the stock carried with it a pledge of the dividends also. If you can cite any decisions in point I shall feel obliged to you.

Reply.—There can be no doubt that the pledgee of stock is entitled to receive the dividends thereon, to hold them as security for the principal debt and to apply them to its payment at maturity. *Edwards on Bailments. Wheeler* v. *Newbould*, 16 N. Y. 392; *Androscoggin R. R. Co.* v. *Auburn Bank*, 48 Me. 335.

The doctrine is also laid down, in general terms, that if the holder of a note releases any of the collateral securities taken by him from the maker, the indorser will be discharged to the extent of the security released. *Daniel on Neg. Inst.*, § 1,311, and cases cited. We have seen no case in which the precise point raised here has been discussed, but we must say that the contention of the defendant indorser appears to us to be within the rules above stated. Suppose, for instance, such a dividend should be declared upon the stock as to seriously impair its value, ought not the indorser to have the right to complain, if the holder of the note should suffer such dividend to be paid over to the pledgor?

IV. Draft payable in Exchange.

$500.00 No. 1467

The City Bank of ———,

———, June 27th, 1881.

Pay to the order of Jno. Jones & Co. five hundred (in *New York Exchange*) dollars. [Signed] A. Johnson & Co.

To Jno. Smith & Co., *Bankers.*

We want your opinion upon the above draft. Can the holder demand of the drawee the face of draft plus the premium on New York Exchange? Or could J. S. & Co. refuse to pay the cash and tender instead *their draft on New York for* $500? Please state also if this can be considered a negotiable instrument.

Reply.—This draft is payable in a specific article, viz.: "New York Exchange," which we take to mean drafts on New York; and we fail to see why John Smith & Co.'s own drafts on New York (especially as they are described as bankers) are not as much "New York Exchange" as the drafts of any other persons. We know of no authority on the point, but we think that John Smith & Co.'s draft upon New York would be a good tender in payment of the bill, and that they may refuse to pay in anything else. Upon familiar principles of law, frequently referred to in these pages, the draft is not a negotiable instrument, because not payable in money. (See *Daniel on Neg. Inst.*, § 55 *et seq.*)

Following this view as a strict legal construction, it will be seen that the collection of such drafts may be attended with much risk, and be the occasion of many disputes. Some bankers encourage this form of draft by their dealers as a means of working off their surplus exchange, but it is a pernicious and objectionable custom.

Freedman's Bank Depositors.—Comptroller Knox gives notice that depositors in the Freedman's Bank and Trust Company who have not filed any claims or received any dividends, must prove their claims and apply for dividends on or before the 21st of August, 1881. or they will be forever barred.

Last Year's Business of the Port of New York.—Collector Merritt reports the following aggregates of the business of the fiscal year ending June 30, 1881, at the port of New York: The total collections were $139,579,562.83, and the expenses of collection, $2,579,910.76; cost per $100, $1.85. The merchandise weighed as follows: Imports, 4,474,182,732 pounds; the exports and transports, 68,472,290 pounds; the salt, coal and potatoes, 7,563,599 bushels; the total expenses were $873,512.16. The merchandise gauged was as follows: The imports, 14,092,518½ gallons; the exports—alcohol, 8,014,043 gallons; and of other merchandise, 1,484,287½ gallons; the transports to other ports were 79,127½ gallons, and the total expenses, $43,262.81. The duty collected was $161,830.87; the total value of exports was $418,659,900, and the total value of imports, $535,759,068. The aggregates during the last four years compares as follows:

Fiscal Year ending	*Total collections.*	*Expense of collection.*	*Cost Per $100.*
June 30. 1878	$91,992,629	$2,194,359	$2 39
" 30, 1879	98,046,244	2,133,848	2 18
" 30, 1880	131,812,349	2,435,644	1 85
" 30, 1881	139,579,562	2,579,910	1 85

POPULATION OF THE UNITED STATES.

The census reports are very slow in making their appearance. A few figures have, however, been published. In a future article we shall compare some of the aggregates of 1880 with those of 1879 and previous reports for the United States, and with the statistics of other countries. Our population in 1880 was 50,152,866, so that the United States ranks third among the nations of the earth in population. Their distribution throughout the States and Territories is as follows:

Alabama	1,262,344	Kansas	995,335	New York	5,083,170
Alaska	——	Kentucky	1,648,599	North Carolina	1,400,003
Arizona	40,441	Louisiana	940,263	Ohio	3,197,794
Arkansas	802,564	Maine	648,945	Oregon	174,767
California	864,686	Maryland	935,139	Pennsylvania	4,282,738
Colorado	194,469	Massachusetts	1,783,086	Rhode Island	276,528
Connecticut	622,683	Michigan	1,634,096	South Carolina	995,706
Dakota	134,502	Minnesota	780,807	Tennessee	1,542,463
Delaware	146,654	Mississippi	1,131,899	Texas	1,597,509
Dist. of Columbia	177,638	Missouri	2,169,091	Utah	143,907
Florida	266,566	Montana	39,157	Vermont	332,286
Georgia	1,538,983	Nebraska	452,432	Virginia	1,512,203
Idaho	32,611	Nevada	62,265	Washington	75,120
Illinois	3,078,636	New Hampshire	347,784	West Virgina	618,193
Indiana	1,978,358	New Jersey	1,130,892	Wisconsin	1,315,386
Iowa	1,624,463	New Mexico	118,430	Wyoming	20,788

THE LARGE CITIES.

The population of the twenty largest cities is as follows:

New York, N. Y.	1,206,590	Cincinnati, Ohio	255,708	Newark, N. J.	136,400
Philadelphia, Pa	846,984	San Francisco, Cal.	233,956	Louisville, Ky.	123,645
Brooklyn, N. Y.	566,689	New Orleans, La.	216,140	Jersey City, N. J.	120,728
Chicago, Ill.	503,304	Cleveland, Ohio	160,142	Detroit, Mich.	116,342
Boston, Mass.	362,535	Pittsburgh, Pa.	156,381	Milwaukee, Wis.	115,578
St. Louis, Mo.	350,522	Buffalo, N. Y.	155,137	Providence, R. I.	104,850
Baltimore Md.	332,190	Washington, D. C.	147,307		

At present the center of the population is near Cincinnati. Its position and movement since the date of the first census is shown in the following table:

Date.	*Approximate Location.*
1790	23 miles east of Baltimore.
1800	18 miles west of Baltimore.
1810	40 miles northwest-by-west of Washington.
1820	16 miles north of Woodstock.
1830	19 miles west-southwest of Moorefield.
1840	16 miles south of Clarksburg.
1850	23 miles southeast of Parkersburg.
1860	20 miles south of Chillicothe.
1870	48 miles east-by-north of Cincinnati.
1880	8 miles west-by-south of Cincinnati.

As examples of the wealth of cities, New York, as the metropolis of the East, and San Francisco, the metropolis of the West, may be taken. During the fiscal year ending December 3, 1879, the valuation of property in New York was: Real, \$918,134,380; personal, \$175,934,955; total, \$1,094,069,335. The valuation of property in San Francisco for the same year was: Real \$190,389,410; personal, \$54,237,350; total, \$244,626,760.

From this it will be seen that relatively San Francisco is a wealthier city than New York. Her population is less than one-fifth of that of New York, and her wealth more than one-fifth of that of the Eastern metropolis.

The enumeration of the population of the country will not be the most important part of the census report. It includes the usual statistics as to the industrial condition of the nation. Only in a few industries has the work been carried to completion. One of these, the production and manufacture of silk, is of recent introduction in the United States. The production for 1879 represents a value of \$34,410,463, and the capital, real and personal, invested in the business is estimated at \$18,899,500. There are 383 factories and 8,467 looms.

BANKING AND FINANCIAL ITEMS.

The Deposit of Coin for Circulation Retired by National Banks.—The opinion of the Attorney General, elsewhere given, relative to the deposit of coin by National banks for the purpose of withdrawing bonds and reducing circulation, removes all distinction in lawful money of the United States, except that which exists by virtue of the rule of the New York Clearing House, requiring balances to be paid in gold or United States notes to the exclusion of standard silver dollars. On receipt of the opinion, Treasurer Gilfillan immediately issued a circular to the effect that National banks may reimburse the Treasurer for their circulating notes redeemed, either by check drawn on New York, payable to the order of the Assistant Treasurer and collectable through the Clearing House, with instructions to deposit the amount on account of the five-per-cent. fund; by a deposit of lawful money with either of the Assistant Treasurers on account of the five-per-cent. fund; or by a remittance of lawful money addressed to the Treasurer, at Washington, marked with the amount and nature of the contents, and the fact that it is for credit of the five-per-cent. fund. The express charges, if not prepaid, will be deducted from the proceeds of the remittance at Government contract rates. We shall publish some interesting papers and documents hereafter upon this subject. They will be read with much interest.

Liability of Stockholders of Broken Banks.—At Rutland, Vermont, a new phase is developing itself in the case of Silas M. Waite, the ex-President of the ruined Brattleboro Bank, who is serving out his six-years' sentence at the House of Correction. Waite's criminality consisted mainly in having made false returns to the Comptroller of the Currency as to the financial condition of the bank, on which he regularly declared dividends and paid them out of his private purse to save the bank. Had he received the sum awarded him in the Burdette-Estey suit, which was appealed, he claims that he would have tided the bank over its troubles. It is now alleged that Waite intends, as soon as his health permits, to commence an action against the stockholders of the bank to recover more than $100,000 paid by him as dividends, which the bank itself never earned. He hopes to recover the entire amount. Should Waite be successful in his suit, he will be enabled to carry up on appeal his Estey suit, in the United States Supreme Court, involving the sum of $160,000. The question here raised is important. If a bank fails, and its books show that money not earned, but borrowed for the purpose, has been divided among the stockholders, are they liable to refund the amount so borrowed and divided contrary to law?

Our Foreign Commerce.—The Chief of the Bureau of Statistics, in his monthly statement for the fiscal year just closed of the imports and exports of the United States, reports that the excess of exports of merchandise was as follows: Month ended June 30, 1881, $4,541,931; month ended June 30, 1880, $11,617,741; twelve months ended June 30, 1881, $259,726,254; twelve months ended June 30, 1880, $167,683,912. The excess of exports and of imports of gold and silver coin and bullion, was as follows: Month ended June 30, 1881 (excess of exports), $1,022,152; month ended June 30, 1880 (excess of imports), $177,860; twelve months ended June 30, 1881 (excess of imports), $91,168,650; twelve months ended June 30, 1880 (excess of imports), $75,891,391. During the last fiscal year the exports of merchandise amounted to $902,319,473, being larger than ever before in the history of the country. The imports of merchandise amounted to $642,593,219, and was larger than during any preceding year, with the exception of the year ending June 30, 1880. The foreign commerce of the United States, imports and exports of merchandise, amounted to $1,544,912,692, and exceed

that of any previous year. The excess of exports over imports during the last fiscal year was larger than during any preceding year, with the exception of the fiscal year 1879. Since the year ended June 30, 1875, the total excess of the value of the exports of merchandise from the United States has amounted to $1,180,681,641. The value of the exports of merchandise during the last fiscal year exceeded the value of such exports during the preceding fiscal year $66,680,845—an increase of 7.39 per cent. The value of the imports of merchandise during the last fiscal year was $25,361,527 less than the value of such imports during the preceding fiscal year—a decrease of 3.95 per cent. Mr. Nimmo also calls attention to the rapid increase in the value of the exports of merchandise from the United States during the last ten years, viz: From $442,820,178 during the year 1871 to $902,319,473 during the year 1881. The exports of specie exceeded the imports during each fiscal year from 1862 to 1879, but during the last two fiscal years the imports of specie exceeded the exports thereof; such excess amounting during the year ended June 30, 1880, to $75,891,391, and during the year ended June 30, 1881, to $91,168,650.

PROGRESS OF THE WESTERN UNION.—The Western Union Telegraph Company has secured a ninety-nine years' lease of the lines of the Northwestern Telegraph Company of Wisconsin, operated in the States and Territories and the Dominion of Canada. The instrument is dated May 7, 1881, and provides that the Western Union Company shall, in addition to paying seven per cent. interest on the first-mortgage bonds, aggregating $1,180,000, pay a rental of $100,000 for the first year, and a pro-rata yearly increase in the rent until it shall reach $150,000 by the year ending July, 1896, and thereafter pay the last-mentioned sum annually until the expiration of the ninety-nine years; also all taxes and interest upon the capital stock of the Northwestern Company, which is fixed at $2,500,000, divided into fifty-dollar shares. The interest to be paid on the stock is to be four per cent. the first year, four and a quarter for the second, and be increased at the rate of one-eighth of one per cent. each succeeding year until it reaches six per cent. in 1896, and to continue at that rate during the remainder of the term of the contract. The Northwestern Company agrees to maintain its organization, and the Western Union grants a further allowance of $2,500 per annum for fourteen years for that purpose.

THE CREDIT LYONNAIS.--The following comparative statistics have been published relative to the Credit Lyonnais, and indicate that that institution has been augmenting its prosperous business at a very gratifying rate both before and since its establishment of a branch in New York:

ASSETS.	*Dec. 31st*, 1872.	*Dec. 31st*, 1877.	*Dec. 31st*, 1880.	*May* 31st, 1881.
Cash on hand	$2,276,750 82	$3,986,367 13	$8,036,583 10	$8,416,988 41
Bills receivable	11,009,014 38	21,954,831 20	27,392,777 53	29,081,727 57
Current accounts	6,882,993 91	17,407,288 65	28,279,100 34	32,486,245 92
Advances on securities	8,088,191 08	15,767,348 38	33,976,686 94	52,647,855 51
Gov't stocks, debentures, &c.	5,494,125 66	1,033,980 47	7,537,164 49	8,306,467 29
Bank premises	———	800,000 00	3,600,000 00	3,600,000 00
Capital unpaid	5,000,000 00	7,500,000 00	10,000,000 00	20,000,000 00
	$38,751,075 85	$68,449,815 83	$118,822,332 40	$154,539,284 70
LIABILITIES.	*Dec. 31st*, 1872.	*Dec. 31st*, 1877.	*Dec. 31st*, 1880.	*May 31st*, 1881.
Deposits	$5,871,768 36	$16,006,486 96	$26,614,238 58	$52,145,845 97
Current accounts	11,664,253 34	18,602,836 56	36 549,923 57	30,429,055 40
Acceptances	4,479,702 62	3,103,709 97	7,412,004 13	11,341,288 02
Deposits at fixed dates	5,381,881 64	13,003,878 71	22,246,146 12	24,623,095 31
Surplus	1,353,469 89	2,732,903 63	6,000,000 00	16,000,000 00
Capital	10,000,000 00	15,000,000 00	20,000,000 00	40,000,000 00
	$38,751,075 85	$68,449,815 83	$118,822,312 40	$154,539,284 70

The other items of the reports of the Credit Lyonnais compare as follows:

	1872.	1877.	1880.
Cash	$1,195,076,707 00	$1,709,804,868 00	$3,717,566,543 00
Bills receivable	615,548,009 00	732,745,227 00	1,317,165,933 00
Deposits at fixed dates	5,381,852 00	12,979,867 00	22,247,488 40
Deposits on current accounts	15,997,527 00	33,009,397 00	54,393,619 00

THE MINNESOTA BOND TRIBUNAL.—It is understood that the five Judges constituting the bond tribunal, so called, will meet and organize on the 26th inst. The Attorney-General, in pursuance of the authority vested in him by the law creating the tribunal, has retained the Hon. Thomas Wilson, of Winona, as associate counsel to defend the interests of the State, to whom will be added, probably, Senator Daniel Buck, of Mankato, in a similar capacity. There is an extraordinary pressure being brought to bear upon the Judges to decide the main question—the validity of the constitutional amendment prohibiting any settlement of the bonds without submission to the popular vote—in favor of the bondholders, with a strong probability that it may succeed. This pressure is insidious in its nature, and is, therefore, all the more dangerous. It is fortunate, in view of this fact, that the interests of the State have been placed in the hands of gentlemen who have not only an earnest desire to protect those interests, but the ability to do so as far as possible.—*Winona (Minn.) Republican, July* 21.

RETIREMENT OF AN AGED BANK OFFICER.—After eighteen years of faithful and diligent service, Mr. Edwin E. Curtis will retire from the Presidency of the Meriden Savings Bank at the annual meeting on Monday, his health and advancing years warning him to relinquish all public care. Mr. Curtis has been connected with the bank since its organization in 1850, and has been its President since 1863, and so closely identified had he become with it that it was better known as Mr. Curtis's bank than by its proper name. At the organization of the bank, in 1851, Enos H. Curtis was elected President, and held the office till July, 1854, when B. H. Catlin, M. D., was elected and held the office till July, 1857, when Enos H. Curtis was elected and held the office till his death. Edwin E. Curtis was elected in July, 1863, to fill the vacancy, and has held the office since. Mr. Curtis intended resigning three or four years ago, but on the death of Mr. A. H. Curtis the Directors requested the President to remain, and has every year since renewed the request, which has always been so decided and unanimous that he yielded But he cannot in justice to himself continue longer.—*Meriden (Conn.) Republican, July* 23.

OWNERSHIP OF REGISTERED BONDS.—A Washington dispatch states that at the date nearest the census year, June 30, 1880, there were outstanding $1,173,749,250 of registered bonds. These bonds were of the following issues: Four per cent., $528,100,950; four and one-half per cent., $170,280,800; five per cent., $294,440,800; six per cent., $180,926,700; total, $1,173,749,250. The six-per-cent. bonds were all made payable in ten large cities. These registered bonds were found to be owned as follows: Individual holders and corporations, $644,990,400; foreign holders, $27,894,350; National banks (to secure circulation), $319,937,800; six per cent. (payable in ten large cities), $180,926,700; total, $1,173,749,250. Omitting the six per cents., the foreign holders, and the banks, there are $644,990,400 of four, four and one-half and five-per-cent. bonds to be distributed throughout the country. Of the total number of holders (73,114), 42,262 are males, 29,325 are females, and 1,527 are corporations, and of the amount held the males own $327,185,500; the females, $90,353,350, and the corporations, $227,451,550. The average per capita for the male holders is $7,741.84; for the female holders, $3,081.10; for the corporations, $148,953.20, and for both sexes and the corporations, $8,821.70.

THE ITALIAN LOAN AND CERTAIN MINOR EUROPEAN MONETARY MOVEMENTS.—Of the Italian loan authorized for the purposes of coin resumption, the $73,000,000 recently offered was sold for $65,700,000, payable as follows: viz: five per cent. accompanying the bids; fifteen per cent. on allotment; twenty-five per cent. August 31st; twenty-five per cent October 31st; and twenty per cent. on the 10th of January, 1882. Of the total loan of $129,000,000, the government will accept $49,250,000 in silver, and the remainder in gold. The operation makes so much more demand for gold and silver, although it is made very gradually.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from July No., page 74.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
COL....	Denver........	Denver Bank.............	....
		G. W. Gildersleeve, *Pr.*	Arthur E. Pierce, *Cas.*
"	.. Gunnison......	Miners' Exchange Bank....	....
		Lewis Cheney, *Pr.*	M. Coppinger, *Cas.*
"	.. South Pueblo..	South Pueblo Nat'l Bank.	Mercantile National Bank.
	$25,800	Hiram L. Holden, *Pr.*	Delos L. Holden, *Cas.*
"	.. Tin Cup.......	Pettengill & Cochrane,...	....
DAKOTA	Chamberlain ...	Brule County Bank (A. G. McKellan, *Pr.*)	....
"	.. Grand Forks...	E. P. Gates.............	....
"	.. Mandan	W. F. Smith & Co......	....
"	.. Milbank.......	B'k of Milbank (Sargent & Diggs.)	....
"	.. Pierre.........	Citizens' Bank...........	Kountze Brothers.
		H. F. Sawtell, *Pr.*	Eugene Steere, *Cas.*
"	.. Salem.........	Norton & Brown.........	....
ILL....	Cambridge.....	First National Bank.......	Chase National Bank.
	$25,000	Nathaniel B. Gould, *Pr.*	F. G. Welton, *Cas.*
"	.. Effingham.....	Eversman, Wood & Engbring.	....
IND	South Whitley.	John Arnold & Co........	....
IOWA...	Ames..........	Union Bank..............	Maverick Nat'l Bank, *Boston.*
		W. M. Greeley, *Pr.*	E. R. Chamberlain, *Cas.*
"	.. Battle Creek...	McPherson & Bassett.....	Preston, Kean & Co., *Chicago.*
"	. Garrison.......	Reeve & Butterfield.......	Traders' Bank, *Chicago.*
"	.. Norway	Benton County Sav. B'k..	International Bank, *Chicago.*
		T. H. Brown, *Pr.*	Thomas Atkinson, *Cas.*
KANSAS.	Osage City....	Osage County Bank......	Fourth National Bank.
		P. I. Bonebrake, *Pr.*	T. L. Marshall, *Cas.*
KY.....	Louisville......	People's B'k of Kentucky.	National Park Bank.
	$150,000	George H. Moore, *Pr.*	James Henry Huber, *Cas.*
MICH ...	Bancroft.......	Watson, Obert & Co.....	People's Savings B'k, *Detroit.*
"	.. Manistee.......	First National Bank.......	Importers & Traders' Nat. B'k.
	$100,000	T. J. Ramsdell, *Pr.*	George A. Dunham, *Cas.*
MINN ...	Wykoff........	Exchange Bank (L. G. Kilborne.	Gilman, Son & Co.
MO......	Boonville......	Elliott, Williams, & Co..	Importers & Traders Nat. B'k.
"	.. Norborne......	Bank of Norborne........	Donnell, Lawson & Simpson.
	$25,000	John N. Dunlap, *Pr.*	Jas. H. Boyer, *Cas.*
NEB....	Fairfield.......	Anthony, Newcomb & Hubbel.	....
"	.. "	Small & Randall..........	... .
"	.. Grafton........	L. R. Grimes.............	....
"	.. Hastings	Cramer & Bostwick.	....
"	. Hubbel........	Conklin & Gaw...........	....
"	.. Wisner........	McNish & Graham.......	Kountze Brothers.
N. Y....	Bainbridge.....	First National Bank......	Chase National Bank.
	$50,000	Gervis Prince, *Pr.*	Irving L. Pruyn, *Cas.*
"	.. Canandaigua ..	Frank R. Durry & Co....	United States National B'k.
OHIO ...	Cincinnati.....	Metropolitan National B'k.	United States National B'k.
	$250,000	Joseph F. Larkin, *Pr.*	John R. De Camp, *Cas.*
"	.. "	Union National Bank....	....
	$500,000	H. W. Hughes, *Pr.*	O. H. Tudor, *Cas.*
"	.. East Liverpool.	Potters' National Bank....	Chase National Bank.
	$50,000	William Brunt, Jr., *Pr.*	F. D. Kitchel, *Cas.*
OREGON	Oregon City...	Bank of Oregon City.....	....
		Thomas Clearman, *Pr.*	C. H. Canfield, *Cas.*
PENN...	Cochranton....	Farmers'Co-operativeTrust Co.	Chase National Bank.
	$20,000	R. P. Miller, *Pr.*	William W. Dean, *Cas.*

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
S. C....	Lancaster C.H..	Twitty & Connors........	National Park Bank.
TEXAS..	Eastland.......	Berry & Fleming.........	United States National B'k.
" ..	Gainesville.....	Lindsay, Hempstead & Co.	....
VA.....	Richmond	Warren & Quarles........	Kountze Brothers.
WIS.....	Kewaunee......	Decker, Duvall & Walender	First National Bank, *Milw.*
ONT....	Durham	Canadian B'k of Commerce	American Exchange Nat'l B'k.
QUEBEC	Berthier........	Banque Ville Marie, Z. Le febvre, *Mgr.*	....
" ..	Louiseville	" " " L. H. Minean, *Mgr.*	....
" ..	Nicolet	" " " C. A. Sylvestre, *Mgr*	....

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from July No., page 72.)

	Bank and Place.	*Elected.*	*In place of*
N. Y. CITY.	Second National Bank....	John C. Eno, *Pr*........	A. H. Trowbridge.*
COL....	Custer Co. Bank, Silver Cliff.	F. W. Dewalt, *Pr*.......	F. A. Raynolds.
		F. S. Hartzell, *Cas*......	F. W. Dewalt.
DAKOTA	First Nat'l Bank, Deadwood...	E. F. Kellogg, *Cas*......	M. C. Thum.
" ..	Citizens' Bank, Sioux Falls....	E. M. Hills, *Cas*	....
ILL.....	Second National Bank, Aurora.	W. C. Estee, *Cas*........	J. A. Egleston.
" ..	Carrollton Bank, Carrollton....	Rich'd S. Worcester, *Cas.*	J. M. Roodhouse.
IOWA...	Citizens' Bank, Mt. Ayr........	Day Dunning, *Cas*......	C. B. Dunning.*
KY.....	Merchants' National Bank, Louisville	J. H. Lindenberger, *Pr*..	H. C. Caruth.
		William R. Johnson, *Cas.*	J. H. Lindenberger.
" ..	Bank of Kentucky, "	F. O. Anderson, *Cas*.....	....
" ..	Farmers' Nat'l B'k, Danville...	Thomas McRoberts, *Pr*..	J. G. Cecil.*
MASS....	First Ward Nat'l B'k, Boston..	George W. Moses, *Cas*..	G. B. Ford.
" ..	Quinsigamond National B'k, Worcester	Henry P. Murray, *Asst. Cas.*	....
MO.....	Rich Hill Bank, Rich Hill.....	F. J. Tygard, *Pr*........	P. A. Burgess.
N. Y....	Goshen National B'k, Goshen..	John Ogden Smith, *Cas.*	W. M. Murray.
OREGON	B'k British Columbia, Branch Portland	Fred'k Townsend, *Mgr*...	W. W. Francis.
PENN...	German Savings Inst., Erie....	Lloyd G. Reed, *Pr*......	J. Gensheimer.
" ..	First Nat'l Bank, Huntingdon..	J. Simpson Africa, *Cas*..	....
VA.....	Planters' Nat'l B'k, Richmond.	Mann S. Quarles, *Cas*...	W. R. Quarles.
" ..	City Bank, Richmond..... ...	Walker Hill, *Cas*........	W. R. Trigg.
" ..	Richmond Banking & Ins. Co.	W. W. Gosden, *Cas*.....	M. S. Quarles.
WIS....	National Bank of Beaver Dam.	J. H. Barrett, *Cas*.......	C. W. Whinfield.
ONT....	Canad. B'k Commerce, Berlin.	D. B. Dewar, *Mgr*......	J. Young.
" ..	" " Dunnville.	James Young, *Mgr*......	J. R. Clarke.
" ..	" " Walkerton.	J. R. Clarke, *Mgr*.......	D. B. Dewar.
" ..	B'k of Hamilton, Hamilton....	John Stuart, *Pr*.........	D. Mc Innes.
QUEBEC	Banque Ville Marie, Montreal	W. Weir, *Pr*...........	L. J. Archambault.
		Ubaldi Garand, *Cas*.....	G. H. Dumesnil.
" ..	Eastern Townships Bank, Stanstead	S. Stevens, *Mgr*.........	A. P. Ball.

* Deceased.

BOSTON.—The Boston *Commonwealth* says that for the first time in twelve years the receipts from taxes levied in that city in 1880 were in excess of the requirements for the financial year, and that this was due to an unusually heavy rate of taxation and to a very prompt payment of taxes. This year (1881) there is an increased valuation, and there will be an increase of appropriations, with a small reduction in the rate of taxation.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from July No., page 73.)

NEW YORK CITY....... Day & Heaton; admit F. W. Griffin.
" " " .... Gilman, Son & Co.; Thos. P. Gilman retires.
" " " .... S. M. Swenson & Son; now S. M. Swenson & Sons. S. Albin Swenson being admitted.

COL.. . Rico .... Krille & Cushing (Bank of Rico); dissolved.

CONN... Hartford ...... Conn. Trust and Safe Deposit Co.; surplus $30,000.

ILL.... Cambridge .... Henry County Bank (C. R. Wheeler & Co.); now First National Bank, Nathaniel B. Gould, *Pr.*, F. G. Welton, *Cas.* Chase Nat. B'k, N. Y. Correspondent.
" .. Sterling .... Galt Brothers; now Galt & Tracy.

IOWA... Bloomfield..... Davis County Loan and Trust Co.; now Steckel & Overton.
" .. Oelwein....... Bank of Oelwein (Hoagland & Jamison); now S. B. Zeigler & Co.
" .. Riverton ...... Fremont Co. Bank (Davies & Sexton); robbed of $5,200; now John Davies.

KY..... Louisville...... People's Bank of Kentucky; reorganized.

MASS... Boston .... G. P. Baldwin & Dillaway; G. P. Baldwin, deceased. No change in style at present.
Putnam & Heath; now C. A. & W. F. Putnam.

MICH... Manistee....... State Bank of Manistee; now First National Bank. Same officers.
" .. Quincy......... Farmers & Merchants' Bank; to be succeeded shortly by First National Bank. Same Cashier.
" .. St. Joseph..... First National Bank; now Bank of St. Joseph. Same management.

MINN... Worthington .. Bank of Worthington (Elihu Smith); now Thomas H. Parsons & Co. C. T. Pope, *Cas.*

MO..... Independence .. Anderson, Chiles & Co.; now incorporated as Anderson-Chiles Banking Co. Paid capital, $80,000.
" .. " .. Chrisman-Sawyer Banking Company; increased capital to $100,000.
" .. Kansas City.... Merchants' National Bank; paid capital now $500,000.
" .. St. Louis...... H. H. Wernse; now Wernse & Dieckman, 203 North Third Street.
" .. Wellsville ..... Wellsville Bank; now incorporated. Paid capital, $10,000.

NEVADA Reno.......... Paxton, Curtis & Co.; consolidated with First Nat'l B'k

N. Y... Richfield Sp'gs. Elwood & Tuller; now Tuller & Bloomfield.

OHIO... Cincinnati..... H. W. Hughes & Co.; now Union National Bank.
" .. " ..... Joseph F. Larkin & Co.; now Metropolitan National Bank.
" .. Logan......... First National Bank; now First Bank of Logan. Same management.
" .. Zanesville...... C. W. Potwin & Co.; now Citizens' National Bank.

PENN... Philadelphia... Bowen & Fox; now George S. Fox & Son.
" .. Chambersburg. Chambersburg Deposit Bank (John R. Orr); now J. R. & W. B. Orr.

TEXAS.. San Marcos.... Mitchell & Glover; now Glover & Co.

WIS.... Brodhead...... Bowen & Co.; in liquidation.
" .. Kewaunee...... R. B. Kellogg; now Decker, Duvall & Walender.

ONT.... Stratford ...... William Mowat & Son; dissolved. William Mowat continues. Style unchanged.

QUEBEC St. Cuthbert... Banque Ville Marie; discontinued.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from July No., page 72.)

No.	*Name and Place.*	*President and Cashier.*	*Capital.* Authorized.	*Capital.* Paid.
2539	First National Bank........ Manistee, MICH.	T. J. Ramsdell............ George A. Dunham.	$100,000	$100,000
2540	First National Bank........ Cambridge, ILL.	Nathaniel B. Gould....... E. D. Richardson, *Ass't Cas.*	50,000	25,000
2541	South Pueblo National Bank South Pueblo, COL.	Hiram L. Holden......... Delos L. Holden.	50,000	25,800
2542	Metropolitan National Bank. Cincinnati, OHIO.	Joseph F. Larkin.......... John R. De Camp.	500,000	250,000
2543	First National Bank........ Bainbridge, N. Y.	Gervis Prince............. Irving L. Pruyn.	50,000	50,000
2544	Potters' National Bank..... East Liverpool, OHIO.	William Brunt, Jr......... F. D. Kitchel.	50,000	50,000

THE AGGREGATE CIRCULATION.

STATEMENT of the Comptroller of the Currency on August 1, 1881, showing the amounts of NATIONAL-BANK NOTES and of LEGAL-TENDER NOTES, outstanding at the dates of the passage of the Acts of June 20, 1874, January 14, 1875, and May 31, 1878, together with the amounts outstanding at date, and the increase or decrease:

NATIONAL-BANK NOTES.

Amount outstanding June 20, 1874..	$349,894,182
Amount outstanding January 14, 1875....................................	351,861,450
Amount outstanding May 31, 1878..	322,555,965
Amount outstanding at date*..	356,236,938
Increase during the last month..	2,482,338
Increase since August 1, 1880...	13,420,166

LEGAL-TENDER NOTES.

Amount outstanding June 20, 1874..	$382,000,000
Amount outstanding January 14, 1875....................................	382,000,000
Amount retired under Act of January 14, 1875, to May 31, 1878.	35,318,984
Amount outstanding on and since May 31, 1878......................	346,681,016
Amount on deposit with the Treasurer U. S. to redeem notes of insolvent and liquidating banks, and banks retiring circulation under Act of June 20, 1874..................................	33,438,332
Decrease in deposit during the last month.........................	48,250
Increase in deposit since August 1, 1880...........................	13,641,100

JNO. JAY KNOX, *Comptroller of the Currency.*

* Circulation of National Gold Banks not included in the above, $1,087,675.

EMIGRATION.—The Bureau of Statistics reports that the number of immigrants into the United States for the year ending June 30, 1880, was 457,257. The total immigration into the United States during the year ending June 30, 1881, is estimated at 668,000 persons, which is a larger number than that of any preceding year. During the twelve months ended June 30, 1881, the number of immigrants was as follows: From Germany, 209,500; Dominion of Canada, 118,664; England and Wales, 65,977; Ireland, 72,336; Scotland, 15,164; China, 10,498; and from all other countries, 168,100. The total number of immigrants during the year ended June 30, 1881, was 660,239 compared with 451,902 during the previous fiscal year.

NOTES ON THE MONEY MARKET.

NEW YORK, AUGUST 1, 1881.

Exchange on London at sixty days' sight, 4.82 to 4.84¼ in gold.

The monthly statement of the public debt was issued to-day. The movements for July have no special interest, except in the fact that the decrease during the month was $10,078,023.23. The principal aggregates are as follows: Cash in the Treasury, $326,878,190; gold certificates, $5,749,820; silver certificates, $51,983,980; certificates of deposits outstanding, $10,740,000; refunding certificates, $653,850; legal tenders outstanding, $346,681,016; fractional currency outstanding, $7,098,645; cash balance available August 1st, $154,827,274; debt less cash in the Treasury August 1st, $1,830,520,788. The Internal Revenue receipts for the year are reported by Commissioner Raum to-day at $135,229,902. This sum differs from the former statement elsewhere reported. Further minor changes may perhaps be reported when the accounts are finally made up.

The monetary situation is characterized by ease and tranquility, although much sensitive perturbation has occasionally prevailed during the last month, in consequence of the recent shock to public confidence by the attempted assassination of President Garfield. Call loans are reported at two and a-half to three per cent. on stocks. On the whole, our money market has been working very easy during the last week. Time loans were quoted at three to five per cent. for sixty days to six months, and prime commercial discounts at three to four and a-half per cent. Exchange on New York closed on Saturday at a shilling premium in Boston, fifty cents discount in St. Louis, one dollar discount in Chicago, ⅛@⅜ premium in Savannah, ⅛@¼ premium in Charleston, and seventy-five cents discount to one dollar premium in New Orleans. The question is much discussed as to the fall money market. Several circumstances are suggested as likely to produce changes in the financial situation. The banks hold a large aggregate of low-priced securities as collateral for loans. If any sudden revulsion should take place in the stock market, the changing of loans would probably be active, and the loan market would suffer responsive fluctuations. Moreover, the demand for money to move the crops will soon begin, and a certain degree of activity may be expected from this cause. Since the resumption of specie payments and the hoarding of coin and currency, which immediately followed, these autumn movements of the currency have not been so conspicuous as formerly. The South and West are not now so dependent upon the Eastern financial centers as they were previous to resumption, and every year increases their wealth and resources, so that the tidal currents of monetary movement in the fall of the year do not disturb the money market as for many years was usual. Another point in regard to the monetary situation is the prospect of an influx of gold from Europe. It is contended that a slight increase in the exports of produce or the shipment of securities would cause an export of gold from London to this port, as Europe will want much grain from this side before the growing crops there, now on the point of being harvested, are ready for market, and the general steadiness and strength

of our stock market with other circumstances has tended to promote confidence in American values at London and on the Continent. In connection with the export trade it has been pointed out that the quantity of wheat afloat and in store at this point is 4,500,000 bushels, against 2,800,000 bushels last year, and the low rates of freight by rail, in connection with those current on the water routes, are naturally inducing free receipts from the West continually. The impetus imparted by these low rates to the rapid marketing of the remainder of last year's crop is plainly shown in the receipts at the lake ports during the month of July just closed. It was reported on Saturday that one of the Canadian banks had already £100,000 gold on the way hither from London. There is no apparent profit in an operation of this kind, and the story is discredited, but the bank might have bought commercial options, which are selling at 4.80½ for August and 4.80 for September and October. The receipts of grain at Chicago for the month of July were 15,362,194 bushels, against 15,372,760 in 1880, when the receipts were large, thus showing a very even movement. The receipts of flour were 435,081 barrels, against 198,325 in 1880. At Milwaukee the percentage of grain is very large, the receipts of wheat for the month having been 963,455 bushels, against 479,908 in 1880, and the receipts of flour 291,043 barrels, against 197,219 in 1880.

This activity is reflected in the averages reported by the New York banks which show a decrease in the greenback reserve of $10,030,725. The figures of the New York Clearing-House tables compare as follows:

1881.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
July 2...	$350,491,100	$76,415,600	$17,112,300	$19,176,800	$346,466,400	$10,432,375
" 9...	352,856,800	77,728,500	16,284,300	19,149,200	349,843,000	10,941,200
" 16...	348,744,400	81,946,900	17,058,700	19,181,300	351,199,500	10,481,029
" 23..	349,240,500	81,491,400	16,752,000	19,185,300	352,658,800	13,369,950
" 30...	349,188,400	81,043,400	16,931,800	19,212,900	351,777,900	13,614,825

The Boston bank statement for the past four weeks is as follows:

1881.	*Loans.*	*Reserves.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
July 2.......	$160,767,100	$8,857,600	$3,577,600	$112,963,200	$30,942,100
" 9.......	161,586,800	9,111,900	3,295,600	113,195,800	30,961,500
" 16.......	163,121,500	9,848,100	3,309,300	114,086,000	30,074,600
" 23.......	163,745,500	10,345,300	3,704,200	114,558,900	31,226,100

The Clearing-House exhibit of the Philadelphia banks is as annexed:

1881.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
July 2........	$78,184,995	$21,536,248	$74,019,912	$10,408,727
" 9........	77,761,819	21,913,714	74,268,993	10,319,870
" 16........	77,364,707	22,813,465	75,136,754	10,282,771
" 23........	77,746,554	22,604,604	74,510,055	10,325,587

The stock market is less firm, and Government bonds are somewhat lower. There is a moderate demand from investors, Savings banks and other purchasers, and the quotations closed with a hardening tendency. Railroad bonds are quiet, and State stocks dull. Railroad shares are feverish and the transanctions are small. Coin exchange is lower and the demand is very light. The foreign advices report British consols at London strong and a shade higher on the week's transactions. American railway securities were irregular and unsettled; during the early portion of the week prices declined sharply in sym-

pathy with the speculation on the New York Stock Exchange, but in the late dealings there was a recovery.

The general trade of the city continues to be affected by the late relapse of President Garfield, but a better feeling is developed by the more cheerful bulletins from Washington. At the Cotton Exchange futures opened weak and declined, but subsequently became buoyant and more than recovered the decline. Spot cotton was firm and higher on a moderate business. The receipts at all the ports for the week were 16,151 bales, against 19,362 the previous week, and 18,199 the week before. The total receipts since Sept. 1, 1880, are 5,757,588 bales, against 4,890,902 the previous year. In dry goods the activity is moderate in extent. The total receipts from customs from Jan. 1st, to date are $83,489,674, against $86,944,374 last year, and interest payments for the same period $37,689,016 against $37,262,684 last year. The total exports of produce from the port since Jan. 1st, this year, are $222,257,845, against $224,825,732 for the corresponding period last year; imports of merchandise, $231,049,686, against $293,592,797 last year; exports of specie $6,778,455, against $5,142,336 last year, and imports of specie $30,546,215, against $5,499,180 last year. Subjoined is our usual table of the quotations at the Stock Exchange:

Quotations:	*July* 1.	*July* 8.	*July* 15.	*July* 22.	*July* 30.
U. S. 6s, 1881, Coup...	103 ..	103 ..	102½ ..	102⅝ ..	102⅜
U. S. 4½s, 1891, Coup.	115 ..	114⅝ ..	114½ ..	114½ ..	114½
U. S. 4s, 1907, Coup...	117¼ ..	116⅝ ..	116½ ..	116¼ ..	116¼
West. Union Tel. Co..	90⅞ ..	92¼ ..	90¾ ..	89½ ..	89⅞
N. Y. C. & Hudson R.	146⅜ ..	145 ..	143½ .	142¾ ..	144⅛
Lake Shore...........	126¾ ..	124 ..	121½ ..	122¼ ..	125⅜
Chicago & Rock Island	142½ ..	142 ..	139 ..	137½ ..	138½
New Jersey Central...	102⅜ ..	101¼ ..	98⅝ ..	94¼ ..	95½
Del., Lack. & West....	124½ ..	123⅜ ..	122⅜ ..	120⅝ ..	123⅜
Delaware & Hudson..	110 ..	109¼ ..	108½ ..	108⅝ ..	110
Reading..............	60 ..	58 ..	58 .	59 ..	59
North Western........	129½ ..	130 ..	125½ ..	123½ ..	126¼
Pacific Mail..........	52½ ..	51¼ ..	48⅞ ..	48⅝ ..	52⅞
Erie..................	46¾ ..	45¼ ..	59 ..	55¾ .	44¼
Discounts............	3 @ 4½ ..	3 @ 4 ..	3 @ 4 ..	3 @ 4 ..	3 @ 4
Call Loans...........	2 @ 4 ..	4 @ 4½ ..	2½ @ 3 ..	2 @ 3 ..	2 @ 3
Bills on London........	4.84½-4.86½ ..	4.84½-4.86½.	4.84½-4.86½ ..	4.83¾-4.85¾ ..	4.82 -4.84¼
Treasury balances, coin	$81,413,560 ..	$75,004,047 ..	$72,831,202 ..	$72,482,006 ..	$75,173,647
Do. do. cur.	$6,040,721 ..	$6,351,109 ..	$5,372,029 ..	$5,193,790 ..	$5,052,839

The tide of immigration still continues to set towards this country. During the month of July 34,835 immigrants were landed at the port of New York, against 25,382 in the corresponding month of last year, making an increase of 9,453. For the last seven months the immigration has been 276,638, an increase of 74,271 over last year. Many efforts have been made to turn the streams of emigration towards the Southern States, especially Texas and the Cotton States. The success has not been very considerable, but there is little doubt that during the next ten years the advantages of the South for the establishment of certain manufactures, as well as for the development of agriculture, will be more appreciated. The Convention of the American Bankers' Association did much last year to aid in bringing before the public the real condition and wants of the South, and the lucrative field it offers for the employment of labor and capital.

Sixty per cent. of the clearings of our New York banks have been computed

to arise from mercantile business, and forty per cent. from business connected with the Stock Exchange. This estimate is founded upon a number of observations we have made during the last twenty years. To correct or verify them, we have communicated with President Tappan, of the Gallatin National bank, New York, whose statistical knowledge and research are so well known, and we have desired him to throw some light upon this interesting question by a statistical statement. Among the questions we have submitted to him, the first is as to the amount of the annual growth of capital in the United States at present, as compared with ten and twenty years ago. In 1861 the annual increase of our people in material wealth was variously computed at 400 to 700 millions of dollars. The growth of capital in this country is much more rapid now than ever before. In England a late estimate states the annual growth of wealth at 500 millions sterling. If some 2,500 millions of dollars are thus added every year to the wealth of Great Britain, it might seem that at least half of that sum may be safely estimated as the average growth of capital in this country every year.

The second question is as to how this new capital is invested, and what forms it assumes. Part of it appears in the shape of dividends on railroad shares and public and private securities of all descriptions; a large part is devoted to the extension of old enterprises; and another part is absorbed in new productive works, and in enlarging the extent of our railroads, manufacturing and other enterprises. An average sum of three millions a day, or 900 millions a year of new money, is by some persons believed to find its way into Wall street for actual investment in various classes of securities dealt in at the Stock Exchange. It would be interesting to compare the aggregate of these annual savings of our accumulated wealth at various periods during the last half century. Still more interesting, in a practical point of view, would be the comparison between the rapidity with which wealth is accumulating in various sections of the country.

Another question we have submitted is as to the probable proportion between the legitimate and the speculative bnsiness carried on in Wall Street. These inquiries to be complete should comprehend not only the speculative and legitimate business of the Stock Exchange, but also that carried on in cotton and produce.

Fourthly, a number of sources of new business have been developed which have tended to concentrate and augment the business of Wall Street during the last five years. One of these is the immigration of capital hither from California, since the outbreak of the Kearney agitation; another is the increasing influx of foreign capital which has not apparently as yet passed its earlier stages, but is destined to a rapid growth. Moreover, the improved organization of the mechanism for facilitating the flow of capital into Wall Street from all parts of the country, and of distributing securities among investors at home and abroad is tending to produce changes in the methods and results of our financial activity which invite the careful study of all bankers and financial men, especially of those whose success in life has yet to be won. With regard to the proportion which the investment business bears to the speculative business of Wall Street the estimates vary considerably. Some authorities compute that the speculative business is three-fourths of the whole, while others state it as high as nine-tenths. To what conclusions Mr. Tappan's researches have led we do not at present know.

THE

BANKER'S MAGAZINE

AND

Statistical Register.

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ARE OUR SPECULATORS PREPARING A PANIC?

Many conservative bankers seem to have little sympathy with the sinister prophecies of financial disaster which have been so industriously propagated during the last three months. As all previous monetary panics have been prepared beforehand, it is argued that similar preparations are now going on, and that they consist chiefly of two different movements: First, the conversion of an undue portion of floating capital into fixed forms; and, secondly, the accumulation of a vast mass of menacing debt by those who are too weak to bear it. By the former of these operations it is said that the financial machinery of the country is weakened, while by the second it is prepared to break down suddenly should any critical moment arrive of extraordinary strain and pressure. It is added that the Jay Cooke panic in 1873 and the great revulsion of 1857 and other like catastrophes, would never have happened when they did had not the combustible elements been accumulating, and had not the train been laid, long before the outburst of the final explosion. Doubtless there is much of exaggeration in the current representations of this sort, and we have frequently expressed the opinion that the arguments favoring an early advent of a financial panic in this country are by no means convincing. Still, the facts which are pointed out and relied upon by those who think otherwise are well worthy of careful analysis, and demand from thoughtful observers the most thorough examination. However exaggerated they appear, they may have their uses as warnings, and they may be full of whole-

some suggestion, although we cannot deduce from them the same conclusions to which they have led other observers of great intelligence and deserved authority. What, then, are the most prominent facts which are viewed with apprehension in the monetary horizon?

First, there is the anxious attitude of the European money markets in which a profound perturbation is beginning, and which are already agitated with vague and increasing fears. Last year, when the gold exports to this country from Europe were so needful to strengthen our monetary position, and to keep up our failing bank reserves, the European money markets were tranquil, acquiescent and easy. A beneficent spirit of optimism controlled the policy of the banks of England and of Continental Europe, so that no hostile demonstration was made to disturb the shipments of gold; and the current of the precious metals to New York continued unchecked throughout the year. Our readers will remember the frequency with which we directed attention at that time to the perils which threatened our financial stability, and to the evils which might have resulted if the Bank of England and the Bank of France should at that sensitive and critical period have taken the alarm and raised their rates. Why this contingency was not developed has been variously explained in Paris and London, where certain financial magnates are said to have used their utmost efforts in favor of the policy which was adopted, to the great advantage of the finances, public and private, of the United States. How true this rumor may be we do not profess to know. It is enough for the present argument to show that the policy of last year is not to be repeated this year, and that for some time the indications have been multiplying of a general advance in the bank rates throughout Europe. Last week the banks of England, France, Germany and Belgium began the movement, and how far or how rapidly it will continue, our best financiers are wholly unable to conjecture. As to the results likely to be produced upon the financial situation, upon speculation in cotton and other commodities, upon the absorption of American securities in Europe, and upon the general movements of the loan markets here and abroad, it is still more difficult to predict with any security, as is proved by the multitude of conflicting theories which are current in Wall street. Upon one point, however, there is, we believe, a very gratifying unanimity of opinion, namely, that our money market to-day is infinitely better prepared than it was last year for the results, whatever they may be, which are to be developed by any impending monetary perturbation in Europe and by any further advance of the bank rates there.

The second point is as to the absorption of capital by new railroads and other productive works, so as to develop trouble in the money market, such as usually results when an inor-

diuate amount of floating funds are converted into fixed capital. During the current year our railroad construction has been very active, and various estimates have been made as to the amount of money thus absorbed from the reservoirs of loanable funds, and withdrawn from other uses for railroad extension. One of the latest estimates is that of the *Financial Chronicle*, which gives a total of $670,930,100 of new stocks and bonds issued or subscribed for since January 1, 1881, to sustain the vast movements of railroad growth now in progress. Subjoined is the table of estimates with its various aggregates of the railroad securities created January 1st to September 1, 1881, in the United States.

RAILROAD STOCKS AND BONDS EMITTED JAN. 1 TO SEPT. 1, 1881.

	Mortgage bonds.		*Income bonds.*		*Common and preferred shares.*
For construction of new road.	$221,183,000	..	$25,759,200	..	$143,370,000
For improvements, for purchase of other roads, or on consolidation	75,169,000	..	21,500,000	..	147,015,200
Without valuable consideration	———	..	4,225,000	..	32,708,700
Grand total...............	$296,352,000	..	$51,484,200	..	$323,093,900

With regard to the amount of cash actually called for on this aggregate of new issues our contemporary says: "The total issues of stocks and bonds for the construction of new lines amount to $390,312,200, calling for $234,683,000 cash; the total for improvements, purchase of other roads and on consolidations is $243,684,200, calling for an estimated amount of $155,194,200 cash, and making the aggregate cash requirements $389,877,200. The total issued without any valuable consideration, and calling for no cash payments is $36,933,700. Thus we have a grand total of new stocks and bonds known to have been issued or subscribed for, thus far in 1881, of $670,930,100. What amount of cash is actually called for on this total of about $671,000,000 of new issues? In the first class, for construction of new road, the mortgage bonds are sold at or near par, and call for full value in cash—say, $221,183,000. The income bonds call for nothing, and were given as a bonus. The stock represents nothing, except in those cases where it was subscribed for alone and no bonds were issued, for where—as in two cases—the stock was paid for in full, and bonds given as a bonus, this amount of cash is already counted in the bonds, and thus out of $143,370,000 stock only $13,500,000 calls for cash, which, added to the above amount, makes $234,683,000 as the total cash paid or to be paid for construction of new railroads. In the second class, which consists largely of the increase of stocks and bonds issued on consolidations, or on payment of a small part of the face value, it is only possible to estimate in each case the cash called for, and the total arrived at in this way is $155,194,200, which, added to the amount for new con-

struction as above, gives a grand total of $389,877,200 as the amount of cash required to meet the payments on railroad and telegraph stocks and bonds issued or subscribed for up to the first of September in the current year."

The question has been suggested as to how these payments of cash are made, and what is done with the money. Other questions refer to the productive vitality of the railroad and other investments, and to their swiftness in creating the elements of new wealth and productive power. Various suggestions have also been offered as to some of the aggregates omitted from or included in these statistical statements. But most of these objections are unsupported by better estimates, and in any case, for the purposes we have at present in view these figures are very important. Among their uses they may serve to show that that "precursor of panic," the depletion of the money market, upon which so many arguments have been founded, has been carried on to a much more limited extent than has been generally ascribed to it in connection wtih the issue of new securities and the extension of our railroad system. Unless, therefore, some new and unexpected contingency should arise we need probably have but little apprehension from this cause, and if the predicted monetary revulsion should overtake us, it can scarcely be brought on except by the direct agency of movements and influences much more potent than any which have just been passed in review. What those other unknown causes may be, it is for our despondent clique of financial prophets to tell us. It is true they point to the enormous volume of speculative transactions at the Stock Exchange and elsewhere, and to the organized operations of cliques and capitalists which have been conducted on a grand scale in cotton, in produce, and in various commodities. But in an age of financial activity and growth, when wealth and productive power are developing material results never equaled before in this or any other country, such incidents are to be expected. Indeed, the wonder is that the excitement, the abuses and the speculative agitation in and out of Wall Street have not been much more intense. Probably, at no very distant day we shall see them so without much alarm. In the intelligence of our people, in the elasticity and strength of our financial system, and in the almost unlimited magnitude of our material resources, productive capacity and potential wealth, we have safeguards innumerable against financial panics and mercantile revulsions, if we will only learn to use them with skill, and to make them available when the hour of trial comes.

Among the most effective of these safeguards a conspicuous place should be claimed for the improved facilities which are being developed for moving capital, with safety and speed, to and from distant points. Also for the means of pre-

venting and punishing the forgeries and defalcations to which modern financial methods offer so many temptations. It is a significant sign of the times that the American Bankers' Association has just entered on this preventive field of practical usefulness by the establishment of its new Protective Bureau.

MOVEMENTS OF THE PUBLIC DEBT.

For many reasons the comparative statement of the public debt, which appears on a subsequent page, will be scrutinized with unusual care. The receipts of the Treasury from customs and internal revenue continue to yield almost twice as much as is needed for all current expenditures except for service of the public debt. The total of such disbursements last month was $18,105,414, and the surplus decreasing the principal of the debt was $14,181,221. During the last two months the decrease of the debt amounts to more than twenty-four millions of dollars. The debt liquidation for August has seldom been surpassed. In March, 1880, $14,700,000 were paid off, and in May, 1880, $15,900,000. In March, 1877, more than fourteen millions were paid off, but ten millions of that sum were from the Geneva award, which then first appeared in the Treasury accounts. The large surplus available at present for bond redemption or for augmenting the working balance of cash in the Treasnry will doubtless attract attention in Congress, and the various questions which it has raised will be discussed in the annual report of the Secretary of the Treasury.

Two points are just now exciting the hopes and fears of Wall Street. First, there is the outflow of cash from the Treasury; and, secondly, the absorption of Government bonds by the redemption of the public debt. Although Mr. Windom's policy has been so successful, it is eminently conservative; and many persons have believed that it has been carried as far as the exigencies of the Treasury require. The debt statement shows that six-per-cent. bonds have beeu continued at three and a half per cent. to the amount of $178,055,150, and that five-per-cent. bonds have been continued to the amount of $400,634,950. The total of the continued bonds thus amounts to $578,690,100. About 28 millions of five-per-cents remain to be paid off in cash, instead of the 75 millions which were originally mentioned by Mr. Windom as reserved for cash redemption. It thus appears that the holders of five-per-cents have chosen to accept three and a half per cent. interest, rather than to receive their money from the Treasury. This fact, with a multitude of others, illustrates the sagacity and the distinguished foresight of Mr. Windom's policy, which will doubtless receive the approval of the National Legislature next December.

In view of the approaching disbursements for pensions, for interest and for called bonds, it is doubted whether the Treasury can safely entertain the projects, which are so urgently recommended in Wall Street, of incurring any new engagements to deplete the cash balance by the purchase of four-per-cents, four-and-a-half-per-cents or the recently-extended three-and-half-per cents. It is true that the money market might be relieved by the outflow of currency from the Treasury, but it would also be relieved if the tight-money cliques, who are said to hold twenty millions of capital ready for use at any moment, would desist from their mischievous operations. Many other schemes for relief will also suggest themselves as practicable. What is certainly impracticable is for a great popular Government like ours to adopt into its financial policy any such principles as would constitute the National Treasury an active participant in the combats of the tight-money champions with their rivals, in the turbulent arena of Wall Street.

NATIONAL BANKS AND PURCHASED NOTES.

Among the practical questions on the programme of the Bankers' Convention one of some importance was brought up by Mr. J. S. Norris, President of the First National Bank of Baltimore, on the title to a promissory note acquired by a National bank which had purchased the note from a broker. Several cases have recently arisen showing the uncertain state of the law and the conflicting decisions of the courts, and we have more than once had reason to direct attention to various arguments on disputed questions which have arisen as to the title to purchased notes. It is doubted, however, whether the remedy would be effective which was proposed by Mr. Norris, namely, that the American Bankers' Association should appoint a special committee to report on the whole subject, and to offer suggestions for relief. This appears to have been the view taken by the Convention, who referred the paper back to the Executive Council for such action as they might deem fit. The address of Mr. Norris is brief, and well deserves the most careful attention. He begins by stating that the Maryland Court of Appeals in a case argued at April Term of 1880, held that a promissory note of Lazear for $5,000, which was obtained by the National Union Bank of Maryland from a bill broker, was not "*discounted*" but "*purchased,*" and consequently that the bank acquired no title to the note. Similar decisions are on record from other State courts, particularly from Minnesota. Dissimilar decisions are from Kansas, Ohio, etc. As yet the only expression from a United States court is in the incidental remark of Judge Bond, United States Circuit Court, Western District of Virginia, Fall Term, 1879, in case of

Seligman v. *Charlottesville National Bank*, who said, "To *discount* a note is to deduct the interest in *praesenti*, and pay over the value of the note, less the amount deducted, to the *holder*. To *negotiate* a promissory note is either to buy or sell it. and so with a bill of exchange." It will be observed that Judge Bond used the terms *discount* and *negotiate*, as they occur in paragraph seven of section 5,136 of the Revised Statutes of United States, conferring these powers to the National banks. Section 5,136, paragraph seven, reads: "To exercise by its Board of Directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking, by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin and bullion; by loaning money on personal security, and by obtaining, issuing and circulating notes, according to the provisions of this title."

The definition of the words "discount" and "negotiate" has been the subject of much discussion, and multifarious definitions are given by lexicographers, yet there is claimed to be technical significance attached to these words, which strictly comply with Judge Bond's interpretation. It is understood there is a pending case from Nebraska, involving the right of a National bank to buy or purchase a note which will eventually reach the United States Supreme Court. Upon this decision, if it shall ever be made, will depend the question whether a very large proportion of the bills receivable which have been purchased by the National banks are held by a valid title or not.

If the Maryland decision be sustained the National banks would find themselves in a most embarrassing condition, providing the payers of notes thus obtained by these banks should plead *ultra vires*, and there may be many who would. The matter as it now stands is of grave uncertainty, with the preponderance of doubt against the banks.

In the Maryland case preparation was made to get it into the United States Courts, but pending this process a proposition for compromise was made, and as the terms were favorable to the bank, it was accepted and further proceedings were abandoned. It is significant that in the face of this Maryland decision—defeating the claimant entirely—the defendants should elect to pay, rather than stand the chances of a suit in the United States Courts. The termination of this case, which the Baltimore banks wished to have brought into the United States Supreme Court, has left the matter still in doubt.

Another National bank in Baltimore, creditor of an insolvent firm, which has made an assignment for benefit of creditors, under the laws of Maryland, wishing to get the question of buying or purchasing notes into the United

States Courts, entered suit in the District Court of United States for Maryland and obtained a *pro forma* judgment; but neither the assignee or any creditor chose to dispute the claim of the bank and the estate was distributed *pro rata*, irrespective of the decision that a National bank had no claim for a purchased note. From these cases and others which might be cited, it is obvious that the decisions in the State Courts are so conflicting that possession of a note may be obtained which in one State would be held valid and in another worthless.

The question now is, whether a uniform doctrine and practice can be obtained? Only two methods of solution appear practicable—one is, to seek an amendment to the seventh paragraph of section 5,136 of the Revised Statutes, giving the same right to buy and sell promissory notes that is conferred in regard to bills of exchange, coin, etc. The other remedy, or rather settlement of the question, is to obtain from the United States Supreme Court a decision that will be authoritative and binding in all the States. If this decision should be against the right of the National banks to buy or sell promissory notes, it may then be time to apply for an amendment of the act. The uncertainty now existing does not apply to State banks, bankers or individuals, but is exclusively against the National banks; and it is certainly desirable that they should receive the hearty assistance and sympathy of other banks and bankers to be relieved of this serious discrimination against them. In concluding this abridged summary of Mr. Norris' able and temperate arguments, we add the hope that he will be successful in achieving the early practical solution of the problem to which he has given so much thought and attention.

PUBLICITY AND THE SAFEGUARDS AGAINST DEFALCATION.

The safeguards which publicity gives against defalcation and other evils in corporate and government operations have often been discussed and are well understood. We have received from a London banker, Mr. Malcolm Dillon, an interesting pamphlet on "The Continuous Audit of Public Accounts." The paper was written by the late Mr. Anthony Dillon, who was formerly a private banker in England, and subsequently founder and first manager of the Provincial Insurance Company of Wrexham. The pamphlet was written some years before the financial troubles caused by the failure of the City of Glasgow Bank and other defunct institutions in the United Kingdom, but it reads almost like a historic essay on those disasters. Mr. Dillon favors a constant super-

vision, and a frequent examination by competent examiners and inspectors, of the books and accounts of all public companies and moneyed institutions. He argues that such audits, to be efficacious, must be regularly conducted and frequently repeated. In the United States we have often discussed these questions, and public opinion is sensitive to their importance and firmly convinced of their necessity. A conspicuous instance of the progress these principles have made in this country may be found in the National banking system, which has its skilled body of responsible examiners, whose duty requires them to examine every bank once a year at least, and as much oftener as may be found necessary. Moreover, each bank has to publish five times a year its sworn statement of assets and liabilities, and these statements are under the supervision of officials, whose function it is to examine the solvency of the bank, and to bring to light any irregularities, especially in the amount of cash reserves, which must be kept up to the legal minimum. Similar provisions are made for the audit and examination of the accounts of Savings banks and insurance companies by the statutes of the various States.

Mr. Dillon's views coincide with those of Chief Justice Chase and other founders of our National banking system, who defended them by arguments very similar to his own. He contends that, as a safeguard against defalcations and frauds, an examination by a competent person, responsible to the Government and possessed of integrity and independence, would be invaluable, and that the very knowledge that the visit of such an inspector and auditor was sure to bring irregularities to light would deter persons from committing their first fraud, and would not only prevent the more colossal breaches of trust which are comparatively rare, but would render impossible the legion of smaller frauds and irregularities, many of which never reach the public ear at all.

Mr. Anthony Dillon's paper is preceded by some remarks of Mr. Malcolm Dillon, setting forth a number of facts to prove that legislation is needful to enforce in England the publicity he is advocating. He states, for example, that when the official Registrar of Friendly Societies in London lately issued a request to twenty-five thousand societies, in various parts of England, asking them to report to him their assets and liabilities, "less than half that number gave the information required." He adds that, "almost the entire Board, and other officers of a Manchester Fire Insurance Company, were recently tried and convicted of having for years published fraudulent statements of accounts." Moreover, he says that "an old-established life insurance company, some few months ago, found a deficiency in its calculated and ratified investments of £27,000, arising from loans carried

forward from year to year, which had long since resolved themselves into bad and irrecoverable debts." We have no knowledge as to what support is conceded by Mr. Gladstone to the efforts thus making in England for this important reform. Of course it has no chance of success in Parliament unless it is sustained by a considerable body of public opinion. Mr. Dillon, or some of his friends, will, we presume, prepare a more elaborate discussion on the subject, and supplement the brief, condensed statements of this little pamphlet by a report, giving a more detailed and comprehensive view of the precise nature and extent of the audit they advocate. Such a report will be extremely useful and suggestive to those of our readers who, like Mr. Knox, of St. Paul, Minnesota, are laboring in the same fields of reform, which are being so assiduously worked in England.

OWNERSHIP OF GOVERNMENT BONDS.

Widows and orphans are numerous among the chief owners of bank shares, as has been frequently shown; they are also largely interested in Government bonds. To the admirable financial circulars which General Walker is preparing, in advance of his Census report, we are indebted for some important evidence on this and other important economic questions. Circular No. 222 has just been issued on the ownership of the debt of the United States. In its nine pages of statistical tables, constructed with elaborate care by Mr. Porter, we find a greater variety of useful information than has ever been made available on this subject in any State paper previously issued. It shows the number of male and female holders; also the amounts held by individual capitalists and bondholders, varying from less than $500 to $50,000 and upward. According to the Register of the Treasury the whole amount of registered four, four-and-one-half, five and six-per-cent. bonds owned by foreign and domestic holders and by banks at the time the census was taken was $1,173,749,25. Of the four, four-and-a-half, five and six-per-cent. bonds the aggregate compared is $825,917,100, and it was divided among 80,802 bondholders as follows:

Rate.	*Holders.*	*Amount.*	*Per cent of holders.*	*Per cent of amount.*
Four per cent	55,278	$384,742,800	68.41	46.58
Four and one half per cent	10,745	125,631,300	13.30	15.22
Five per cent	7,091	134,616,300	8.78	16.29
Six per cent	7,688	180,926,700	9.51	21.91
Totals	80,802	$825,917,100	100.00	100.00

To simplify the calculation the six-per-cents are omitted, and of the other bonds 42,262 holders were males,

29,235 females, while 1,527 are corporations. Of the amount held the males owned \$327,185,500, the females \$90,353,350 and corporations 227,451,500. The average per head is reported as follows: For male holders, \$7,741.84; for females, \$3,081.10; for corporations, \$148,953.20. No less than \$410,279.400 was held in amounts of over \$50,000, \$58,730,600 in amounts varying from \$25,000 to \$50,000; from \$10,000 to \$25,000, \$59,143,850; from \$5,000 to \$10,000, \$41,079,900; from \$2,500 to \$5,000, \$33,070,950; from \$1,000 to \$2,500, \$22,032,550; from \$500 to \$1,000, \$13,097,250; less than \$500, \$7,555,900.

Modern experience and history show that as a stimulus to saving and frugality, popular investments in Government bonds are of great utility. In France during the early part of the sway of the second Napoleon, the distribution of rentes among the masses of the people was one of the chief means by which the empty Treasury of the new Empire was supplied. Many statistical statements have been published of the number of holders of French rentes, of English consols and of other Government bonds, but nothing has ever been published as complete as the following table of the amount of the debt as classified above, which is held by men, women and corporations.

Classes.	*Males.*	*Females.*	*Corporations.*	*Total.*
Exceeding \$50,000	830	168	531	1,529
From \$25,000 to \$50,000	1,018	281	224	1,523
From \$10,000 to \$25,000	2,326	953	259	3,538
From \$5,000 to \$10,000	3,416	1,571	196	5,183
From \$2,500 to \$5,000	5,490	2,681	149	8,500
From \$1,000 to \$2,500	7,505	4,871	53	12,429
From \$500 to \$1,000	8,368	6,372	59	14,799
From \$50 to \$500	13,309	12,248	56	25,613
Totals	42,262	29,325	1,527	73,114

It is worthy of remark that in the list of the investors the proportion of women becomes greater, so that from \$50 to \$500 their number almost equals that of the men. Another interesting fact is that of nearly 30,000 women who hold Government bonds, a very small proportion is in the South. This, with other interesting facts, is shown in the following table, showing the individual holders of Government bonds:

					Amount held.		*Amount held.*	
Section.	*Male holders.*	*Per cent.*	*Female holders.*	*Per cent.*	*By males.*	*Per cent.*	*By females.*	*Per cent.*
New England	14,633	34.62	11,986	40.85	\$50,142,500	15.33	\$20,829,550	23.06
Middle States	18,723	44.30	12,580	42.90	223,225,150	68.22	55,783,100	61.74
Southern States	1,721	4.07	914	3.13	10,241,250	3.13	2,898,550	3.21
Western and Territories	7,185	17.01	3,845	13.12	43,576,600	13.32	10,842,150	11.99
Total	42,262		29,325		\$327,185,500	100.00	\$90,353,350	100.00

The principles which have been set forth in these statistical tables will, it is hoped, be extended as far as possible to other portions of the National debt, and of the bonds of our

States and cities. If General Walker can throw light upon the distribution of these and other classes of investments among our people he will not only make his Census Report more complete but he will add a valuable contribution to the records of practical economics and financial statesmanship, which have already been enriched by his writings and other well-known labors.

THE LESSER ENGLISH CLEARING HOUSES.

The following additional data in relation to the Manchester and Newcastle Clearing Houses which have lately come to hand, will serve to give greater completeness to the statistics of English Clearing Houses, given in the June number of this Magazine.

The Inspector of the Manchester Clearing House furnishes the following facts. The "Association of Manchester Clearing Bankers" was opened July 15, 1872, and consists of twelve banks and banking houses, with a capital of £32,371,720, not including that of the private banks, which is not reported. This is the entire amount of capital of the associated banks, not the capital employed at Manchester, this last not being reported. The clearings are carried on at the Branch of the Bank of England, and are given by the Inspector as follows, for each calendar year:

July 15 to Dec. 31, 1872	£32,300,000	....	$157,160,000
Jan. 1 to Dec. 31, 1873	72,800,000	....	354,320,000
1874	76,100,000	....	370,387,000
1875	81,100,000	....	394,650,000
1876	81,300,000	....	395,630,000
1877	85,900,000	....	418,080,000
1878	85,700,000	....	417,107,000
1879	84,200,000	....	409,740,000
1880	102,000,000	....	496,380,000
Total	£701,400,000	....	$3,413,454,000

The Clearing House at Newcastle-upon-Tyne was established in 1873, and, like that of Manchester, is carried on at the Branch of the Bank of England. It is managed by a committee, the chairman of which is Mr. Fairly, Bank of England Agent. For the statistics of its transactions we are indebted to the United States Consul at Newcastle. Its clearings have been as follows for the past eight years:

1873	£31,500,000	....	$153,300,000
1874	32,300,000	....	157,190,000
1875	30,750,000	....	149,650,000
1876	28,000,000	....	136,200,000
1877	24,300,000	....	118,260,000
1878	23,000,000	....	111,900,000
1879	21,400,000	....	104,146,000
1880	24,150,000	....	117,530,000
Total	£215,400,000	....	$1,048,176,000

The decline in the volume of the transactions is to be attributed largely to the fact that more business is now done in cash than formerly.

The aggregate exchanges of the three English Clearing Houses of London, Manchester, and Newcastle-on-Tyne, amounted to $28,811,569,000 for 1880. For the same year the exchanges of the twenty-six Clearing Houses in the United States are reported at $50,724,000,000.

D. P. B.

PROSPERITY OF THE SUEZ CANAL.

The annual meeting of the Suez Canal Company was held in Paris on the 9th of June. The report of M. De Lesseps shows an increase of nearly forty per cent. in the traffic of the year, and in addition to the fixed interest of twenty-five francs per share an extra dividend is proposed of 21.886 francs. Improvements are making at the Port Said entrance and at several other points in the Canal. Electric lights are to be introduced so that ships may traverse the canal without interruption during the night. Subjoined is a statement of the yearly traffic on the canal since 1870:

Year.	*Number of ships which entered the canal.*	*Gross measurements. Tonnage.*	*Annual difference.*			
			In ships.		*In tonnage.*	
			Increase.	*Decrease.*	*Increase.*	*Decrease.*
1870	486	435,911	—	—	—	—
1871	765	761,467	279	—	325,556	—
1872	1,082	1,439,169	317	—	677,702	—
1873	1,173	2,085,072	91	—	645,903	—
1874	1,264	2,423,672	91	—	338,600	—
1875	1,494	2,940,708	230	—	517,036	—
1876	1,457	3,072,017	—	37	131,399	—
1877	1,663	3,418,949	206	—	346,842	—
1878	1,593	3,291,535	—	70	—	127,414
1879	1,477	3,236,042	—	116	—	54,593
1880	2,026	4,344,519	549	—	1,107,577	—

The receipts, which in 1870 amounted to $1,031,800, increased in 1875 to $5,777,200 and last year to $7,968,000. For the next year a still larger income is anticipated, the earnings for the first five months having amounted to $4,205,000, as compared with $3,674,000 in the corresponding period of 1880. In the trade with India, the Suez Canal route is every year attracting trade towards its ancient channels. There has also been an increase in the trade through the Canal with China and Japan. A new mail line connecting England and Spain with the Phillippine islands has

been started; the number of vessels trading with the eastern coast of Africa has considerably increased, and new important traffic between Russia and the colonies of the Amoor and the Island of Saghalion has sprung up. Great as is the prosperity of the canal, there is evidence that the economic and other effects it is destined to produce in the Mediterranean and Oriental trade are only just beginning, as s proved by the efforts which Russia is making to obtain nfluence in the management of the Canal.

RIGHTS AND LIABILITIES OF SAVINGS-BANK TRUSTEES.

Savings banks are of modern creation. Banking business in the ordinary commercial form is comparatively antique; the banks for the savings of the industrial classes, now so common in commercial countries, have been in use, practically, only since the commencement of the present century.* There is less reason, therefore, for surprise that the responsibilities and privileges of trustees have remained comparatively unsettled. Two recent and highly authoritative decisions—one rendered by the New York Court of Appeals last fall and just now published;† the other by the Supreme Court of the United States at October Term, 1877‡—cover the subject quite comprehensively, and should be remembered as leading decisions on this branch of the law.

The question involved in the New York suit was that of the liability of trustees for a loss of deposits by injudicious investments. On the failure of the Central Savings Bank of New York City, Hun was appointed receiver. On entering upon the performance of his duties he found that the chief cause of the inability to repay depositors was that the trustees had used the funds in buying a lot of land and erecting an expensive banking house. From 1867, the date of incorporation, to 1873, the business had been conducted at an annual loss; the bank was, in 1873, substantially insolvent; its assets were several thousand dollars short of the aggregate of its liabilities, and its condition was known to the trustees. It was under this state of things that they

* Mr. Scratchley (*Treatise on Savings Banks*) says that the first publication in Great Britain of the idea of Savings banks is attributable to Jeremy Bentham, who, in 1797, proposed a system of "Frugality Banks;" but his suggestions were not followed in detail. A society to encourage savings of women and children was established in England in 1798, but was not formally organized until 1804. In 1799, 1806 and 1808, similar institutions were proposed. In 1810 the first Savings bank in Scotland was formed. But it was not until 1817 that Parliament brought these institutions under any general legislation. He evidently considers that European countries derived the plan of the Savings bank from England. He says little of their introduction in this country; perhaps the student of such writings as those of Benjamin Franklin would find that practical suggestions of the kind were made here as early and in as definite a manner as those of Bentham.

† *Hun, Receiver, &c.*, v. *Cary*, 82 N. Y. 65.

‡ *Huntington* v. *National Savings Bank of Dist. Col.*, 96 U. S. 388.

decided to buy a costly corner lot and to erect a building. The motive was not unlawful; the trustees hoped by this measure to inspire confidence, attract attention and draw deposits. The result was unfortunate. The hard times which commenced in 1873 diminished the deposit business of the bank and depreciated the value of the lot; and its building engagement exhausted its means. When the receiver was appointed the lot and building were all the property remaining to the bank excepting assets which produced less than $1,000; and the lot and building were swept away by foreclosure of mortgage.

It is a common idea, and one for which there is considerable support in decisions made a quarter or half century ago, that trustees of banks are not personally liable for losses through investments, unless fraud or negligence equivalent to fraud can be shown; that a trustee who voted in good faith for the expenditure cannot be required to make good a loss merely because the step taken was imprudent. Unwilling to acquiesce in the application of such a rule to this case, Receiver Hun brought suit against the trustees individually, asking that they might make good from their own means the amount of deposits they had so unwisely expended. The Court of Appeals has now fully sustained the suit. The opinion declares that, in order to exempt trustees of a Savings bank from personal liability, they must not only have acted honestly and within their lawful powers, but also must have used proper prudence and diligence. They are not bound to exercise the highest degree of care and diligence, but neither is it proper to say that they are only bound to exercise slight care, or such as inattentive persons would give to their own business. When one deposits money in a Savings bank he has the right to expect that the trustees will exercise ordinary care and prudence—the same degree of care and prudence that men prompted by self-interest generally exercise in their own affairs. What care is due in a particular case depends upon the subject matter involved. What would be slight neglect in the care of a quantity of iron might be gross neglect in the care of a jewel. What would be slight neglect in the affairs of a manufacturing corporation, might be gross neglect in the affairs of a Savings bank. Whoever accepts the office of trustee undertakes to bring to the performance of his duties that degree of care and skill which ordinarily prudent persons devote to affairs of the same nature; and if he fails to do so, and the property of depositors is lost in consequence, he may be held personally liable.

Applying this general principle to the facts of the particular case the court have no difficulty in saying that the jury were justified in pronouncing the building project a rash and extravagant one under the circumstances. There was

no necessity that the trustees should own their building; they could and should have hired suitable but economical rooms. The intention was to advertise the bank and attract business. But Savings banks are not organized as business enterprises. They have no stockholders and are not to engage in speculations or money making in a business sense. The simple duty of trustees is to take the deposits which are offered, aggregate them and keep and invest them safely, paying such interest to depositors as is practicable after deducting expenses, and holding themselves ready to pay the principal on demand. For them to seek an increase of deposits at the expense of present depositors is not lawful.

The question involved in the Supreme Court case was upon the right of trustees to claim to share in the profits of a successfully managed Savings bank. The bank in question—the National Savings Bank of the District of Columbia—was chartered by Congress in 1870, and was organized by sixteen persons, one of whom, Huntington, died a few years afterward. Meantime the bank had done a safe business, and there was some accumulation of income or profits above what would be needful to repay deposits with such interest as had been promised. The administrators of Huntington brought suit, claiming that the franchise and assets should be valued, and that the other managers, as a condition of prosecuting the business, should be required to pay one-sixteenth of the valuation as the share of their deceased coadjutor.

But the Supreme Court pronounced the suit founded on a mistake as to the nature of these corporations. A Savings bank is not a commercial partnership nor have the members of the corporation property interests in it. Its purpose is to create a safe depositary for the money of those of the community who may be disposed to intrust funds to its keeping. It resembles such corporations as a board of church wardens, a college of surgeons, a society of antiquaries—being designed to promote public advantage rather than private interests of corporators. Its powers are to receive deposits for the use and benefit of depositors and to divide the income of interest of all deposits among the depositors or their legal representatives. And the primary idea of a Savings bank has been (until recently) that it is an institution conducted by disinterested persons, the profits of which, after deducting necessary expenses, inure wholly to the benefit of depositors, either in dividends or in a reserved surplus for their greater security. The Court, therefore, without thinking it necessary to authorize any investigation as to whether the management of the bank had realized a surplus, decided against the claim made, on the simple ground that whatever surplus there might be belonged to the depositors; the deceased member of the Board was not a part proprietor.

SALE OF BONDS BEARING COUPONS OVERDUE.

A decision just published from the Supreme Court at Washington, discusses the question whether the fact that bonds sold in the market bear coupons which are overdue has any effect to charge the purchaser with defects in the seller's title. The interest which attaches to this question arises from the rules which have been laid down in former decisions, on the subject of purchases of bonds made in good faith and for value, from a person who has no right to sell. Speaking now not of bonds of individuals—ordinary "penal bonds"—(these are only assignable, and the assignee takes title "subject to equities,") but of the bonds of the Government, of States or counties, of railroad companies or like corporations, such as are issued for the purpose of obtaining large loans, and are intended to be bought and sold, and to be handed from one person to another like money—speaking of these public or corporate bonds, the rule is understood to be that if the instrument bought has not yet matured the purchaser for value, if he buys in good faith, obtains a good title notwithstanding the seller or a previous holder may have obtained them by fraud or wrongfully from the true owner. The purchaser is not exposed to have payment stopped as against him, or to a suit by the true owner to take the bonds away from him, unless the circumstances show that he bought in bad faith. This is not only because the bonds are regarded as negotiable instruments, but even more on account of the favor which the interests of commerce and the policy of the law require should be shown to them, as a sort of circulating medium. If, however, the instrument sold is one which has matured, the courts do not accord this protection to the purchaser. This was decided in 1874, in a case in which eight Treasury notes were stolen by robbers, from an express car. They were afterward purchased by Vermilye & Co., who bought them at fair prices, in the usual course of business, and without actual knowledge (though they had been served with a printed notice which they overlooked) of the theft; and on this account they claimed the privilege of purchasers for value. But at the time of the purchase the notes had been nine months overdue, and on account of this fact the Court held that Vermilye & Co. were not protected; for obligations of the Government as well as those of individuals cease to be negotiable at maturity; any person to whom they may be offered for sale is chargeable with knowledge that the holder can obtain the money by presenting the paper for payment; hence his offering it for sale is in itself suspicious.*

* *Vermilye & Co.* v. *Adams Express Co.*, 21 Wall. 138.

In the new Supreme Court decision, bonds which were not yet matured were sold bearing coupons which were overdue; presenting the delicate question whether the purchaser's right in such a case—a very common one—ought to be determined by the character of the principal instrument or by that of the incident coupon. The circumstances, briefly stated, were these: Condict was acting president of the Indiana and Illinois Central Railway Company and chief of its executive committee. He was also in business as a banker and broker. He had in his possession 100 bonds, part of a lot of 500, which had been issued by the company, secured by its mortgage. He made offer to Mrs. Henrietta P. Sprague to give her seventy-five of these bonds in exchange for a parcel of other railroad bonds which she had bought from him previously, but which had proved unsatisfactory. On what precise terms Condict held the bonds from the company was not ascertained; he claimed to hold them as his own; there was some evidence that he held them only as custodian of the company. Mrs. Sprague employed counsel to advise her upon the exchange; this counsel made inquiry as to Condict's right to sell the bonds, and was assured that it was perfect; and the exchange was made. In course of time, the bonds becoming due, the mortgage was foreclosed, and a master was appointed to report the names of bondholders entitled to share in the proceeds of sale. Mrs. Sprague presented her claim, exhibiting the bonds. The railroad company contested it, claiming that Condict had never received authority to sell the bonds, and that the company had never received value for them. The sale was, on the company's version, a misappropriation.

On a review in detail of all these circumstances, the Court pronounced it clear that as Condict had possession of the bonds and was apparently the owner, and as Mrs. Sprague paid full value for them, her title could not be impeached by the railroad company, unless by reason of the single fact that the bonds when purchased by her bore all their coupons beginning with the date of issue, two of which had already become due. Did the mere presence upon the bonds, when bought, of these two past due and unpaid coupons make the bonds themselves dishonored paper, so as to charge the buyer with the consequences attached to buying paper after maturity? The Court answers this question in the negative. Coupons are separable obligations, for interest, payable upon demand. It constantly occurs that they are not demanded for weeks or months, sometimes even for years, after they have become due. When they bear interest after maturity the owner of a bond often retains the coupon as an investment. Bonds executed by a railroad company may not be offered in market until one or more coupons have matured; in such case the company may cut these off

or may leave them on, to be accounted for in the purchase. Negotiable bonds have been widely used as a means of raising money, not only by railroad companies, but by the National Government, by States, counties and cities. To hold that the moment an unpaid coupon is left on a bond its character and negotiability are changed, would greatly embarrass the traffic in such securities, and lead to endless uncertainty and confusion. The mere presence of the two unpaid coupons upon the bonds when purchased by Mrs. Sprague, was therefore pronounced by the Court not sufficient to render the bonds themselves dishonored.*

As is familiarly known, bonds and mortgages of this description sometimes contain an "interest clause"—a provision that if any installment of interest shall remain due and unpaid longer than a certain time after it has become due (or after it has been demanded) the bond itself shall become due. Where such is the case the lapse of the stipulated time after maturity of a coupon (with or without a demand as the terms may require) may have rendered the whole principal due. Under such circumstances the reasoning of the above decision would probably be considered inapplicable.

MR. PALGRAVE ON ENGLISH BANKING.

At Niagara special attention was attracted by the brief but comprehensive paper on "English Banking," presented from the well-known banker and statistical writer, Mr. R. H. Inglis Palgrave, at the Bankers' Convention. The skeleton statistics which Mr. Palgrave has compiled show that the banking deposits of Great Britain amounted, in 1840 to 105 millions sterling; in 1851 to 260 millions sterling, and in 1880 to 520 millions sterling. It appears, therefore, that before the railroad mania and the gold discoveries had disturbed the financial mechanism of England, the bank deposits had barely one-fifth of their present magnitude. During the decade preceding 1851 the bank deposits increased from 105 millions to 260 millions, and during the twenty-two years which terminated in 1873 they reached their highest point of 550 millions, since which time there has been a reaction to 500 millions in 1881, with a tendency to rising averages, to which Mr. Palgrave calls attention at the close of his paper, which will be found in our report of the Convention. We find an interesting illustration of this suggestion in the London *Economist* of August 6th, which shows how the general increase in bank deposits which has been developed in

* *Indiana, &c. R. Co. v. Sprague*, 13 Cent. L. J. 127.

other countries is almost as apparent in England as in the United States.

In proof of this fact, the *Economist* says: "We shall not for some time yet be enabled to give anything like a complete statement of our provincial banks, but there is little doubt that deposits, or more correctly, 'current accounts,' have swollen more largely in London than elsewhere in this country, for the reason mainly that the speculation current here and the enormous payments upon new securities in London have centralized balances very rapidly. Further than this, after the stoppage of the City of Glasgow Bank, an unmistakable falling off in deposits was observable not only as regards English, Scotch and Irish banks, but also in respect to Indian and Autralasian banks. Both those sections of the Empire were seriously affected by that disaster, and the present growth—for were the figures of the Indian banks available, we believe they would also show considerable increase—is in some degree a recovery of the leeway then indicated. Further than this, Australasian deposits have been swelled by the recent important influx of British capital and by the large sums realized by the sales of Australasian produce. In Canada there is also a recovery of commercial and financial activity, while up to this time last year there had been very little revival from the Canadian banking disasters of the summer of 1879. Finally, it is scarcely to be wondered at that the New York, as well as the Boston, Philadelphia, and other important United States banking centers, should possess larger deposits, having regard to the admitted increase in the wealth of the country during the past two years, and the enormous sums of money imported, and now being set free by the Government. There is no such expansion visible in Continental banking; but then, in no country in Europe is banking conducted upon anything approaching English principles, and deposits really become a secondary consideration with the Continental banks. There is this further contrast between the two systems at the present time, that whereas money is wanted at most Continental centers, in all the English speaking communities it is exceptionally cheap." The following table is offered by the *Economist* in illustration. We have reduced the English to American money at the rate of five dollars to the pound sterling:

TWELVE MONTHS' INCREASE IN BANK DEPOSITS.

	1880.	1881.	*Increase.*
London banks	$412,148,885	$464,291,960	$52,143,075
Australasian banks	262,718,035	294,665,815	31,947,780
Canadian banks	77,345,000	86,538,000	9,193,000
New York associated banks	291,300,000	352,700,000	61,400,000
	$1,043,511,920	$1,198,195,775	$154,683,855

[CONTRIBUTED.]

THE VALUE OF COINED MONEY DETERMINES THE VALUE OF BULLION.

Upon a first and general view of the case, gold and silver are indebted for certainly a very large part, and probably for the larger part, of their exchangeable value as bullion, to the right which they enjoy, both of them in some countries, and either the one or the other of them in nearly all countries, of being converted into money at the will of their owners. It may be true, to quote again the language of Judge Chase, that "*gold and silver are in themselves values,*" but it is not true, as he seemed to suppose, that their value in the coined form, is "*determined by weight and purity*" merely. Mankind have had decisive experiences, and some of them very recently, of the effect produced upon the relative values of the two metals by extensive demonetizations of one of them, and of the effect produced upon the aggregate value of both metals (1) by the suspension and resumption of specie payments in important countries, and (2) by the greater or less use of (so-called) convertible paper money.

If we could suppose that a law was imposed upon all nations by some power which they could not resist, whereby they should be compelled to use gold and silver coins as an exclusive money, at a fixed relative mint valuation of equal weights of the two metals, and with free coinage of both metals, we should have supposed a condition of things in which the stock of metals available for coinage would absolutely fix the quantity of money, and therefore absolutely fix the value of money, under any given degree of demand for it. But even in this supposed case, inasmuch as the demand for money is determined by the population and exchanges of the world, which are constantly changing, the value of money, as fixed at one time by the stock of the precious metals available for coinage, would not be its value with the same metallic stock at another time.

The supposed case has, however, never existed, and it is impossible that it should exist. There is no power external to the world, or which can be established within it, able to impose uniform monetary laws upon mankind. In the commercial part of the world which mainly concerns us, we nowhere find an exclusively metallic currency. Where the money is on what is called a metallic basis, the volume of it is always enlarged, in differing degrees in different countries, and in degrees varying at different times in the same country, by the issue of (so-called) convertible paper. Furthermore, it never happens that all commercial nations

are at any one time on a metallic basis. Some of them always, and frequently many of them simultaneously, make use of paper money so depreciated below the metals as to expel coins from the actual circulation. Some of the coins so expelled from the actual circulation are hoarded or kept in reserves at home, but another part of them is exported and added to the metallic stock of other countries.

There is still another case, which occasionally exists, and that is the case of a country not on the metallic basis, in the sense of having its paper money convertible into coin, but still keeping its paper, by limitation of quantity, so near a parity with coin, that the paper does not wholly expel the metals from the actual circulation. That has been the case for two or three years past in Austria, by reason of the substantial parity between its silver florins and its inconvertible paper florins, silver being the exclusive metallic standard of that country. That case existed in France during nearly the whole period of the suspension of coin payments by the Bank of France, during and after the late Franco-Prussian war, when the premium on coin over paper was so trifling as not be noticed in ordinary market transactions. A parity between coin and paper might be permanently maintained in any country by the method of limiting the quantity of the paper, and it is a method much more reliable than the expedient of coin redemption, which is as essentially and hopelessly treacherous as it is costly and clumsy.

When the standard of a country is metallic, the currency is enlarged by the use of convertible paper, to the extent of the excess of such paper above the metal held in reserve for its redemption.

Under a device of very modern invention, not yet quite eight years old, we have in some countries full-tender coins of both metals, but with the right of free coinage accorded only to gold, while silver coins are kept, by a limitation of quantity, at a parity with gold coins. That system prevails to-day in Holland, Belgium, Switzerland, France and Italy, and as respects the four last-named countries, it is established for several years by a treaty between them. In countries under this *regime*, the standard of the money is gold, but the currency is enlarged, not merely by their paper issues, but by the silver in use, the amount of which, although limited, is still very large and important. If the silver five-franc pieces, now in use in France, could be stricken out of existence at a blow, the French currency would not be any more on a gold standard than it is now, but it would be enormously reduced in volume, and the gold franc would therefore be enormously enhanced in value, or purchasing power. The existing silver five-franc pieces, invested as they are with all the functions of gold franc pieces, including that of unlimited legal tender, increase the French currency

and lower the value of the French monetary unit, precisely as if they were so many additional gold five-franc pieces.

Sir Robert Peel, in 1844, answering his own famous question (*"What is a pound sterling?"*), said that although England might at its pleasure have fixed upon silver, or some other metal, as the material of it, and whatever quantity it pleased of any metal, yet that it had by the legislation of 1816 and 1819 fixed upon gold and a certain defined weight of gold as the pound. He was entirely mistaken in saying that. All that England did in 1816 by the act establishing gold mono-metallism, and by the act of 1819 prescribing a resumption of coin payments, was to fix the quantity of gold in a metallic pound. But it had in 1816 and 1819 and long before, other pounds made of paper, and it has even under the legislation of 1816 silver coins in which debts of not exceeding two pounds may be paid, and which coins do in fact constitute the sole money used by vast masses of the British population. As to paper pounds, Sir Robert Peel did by his own act of 1844, continue in perpetuity the policy of issuing them, although under a new plan of exactly defining the quantity (about $150,000,000) which might be issued without any gold being kept in reserve for their redemption.

An acute English writer, J. Barr Robertson (*Westminster Review*, January No., 1881, article *Bi-metallism and Finances of India*), says: "The standard in England, using gold as sole unlimited legal tender, silver as limited legal tender, and notes like those of the Bank of England, as unlimited legal tender except at the Bank itself, and notes like those of the Scottish, Irish and English Provincial banks, is the total amount of the effective circulation of money, whether gold, silver or notes. . . . If the present amount of gold and its representatives in actual circulation in the United Kingdom are £150,000,000, the sovereign would still be of the same weight and fineness, if that amount were reduced £75,000,000. In the latter case, the standard of value would be one-half of its former quantity, all prices would be a half less than in the former case, and the sovereign would have double its former purchasing power. However self-evident this fact may be, it is continually ignored in England, where the current belief infecting even the minds of our leading statesmen is that a sovereign is a coin of fixed value."

In a pamphlet entitled *The Monetary Conference of 1881*, recently printed by an American writer, Hon. A. J. Warner, who is as distinguished by his masculine vigor and grasp of mind, as by the amplitude of his knowledge of financial events and discussions, the following accurate account is given of what constitutes the monetary scale of valuation:

"It should be understood, when we speak of the gold standard or the silver standard, that there is in fact no such thing as a purely gold valuation in any country or a purely

silver valuation. The real standard or scale of valuation in any country is its effective money volume. Thus, while in England the standard of their money is gold, the gold itself has a reduced value because of the use of paper as money; and the real valuation is her whole effective volume, consisting of gold, convertible bank notes and subsidiary silver. The true valuation in the United States is the effective volume of gold, silver, bank notes and greenbacks."

When M. Cernuschi was in this country and gave his financial views (Feb. 5, 1877) to the United States Monetary Commission, he said that "*metallic money is issued by nature,*" and that "*there is the warrantee of the value of the metallic money, that nobody has the control of the quantity.*" Waiving for the present the observation that what nature issues is not metallic money, but is gold and silver, which are made money or not, as governments may please to decide, it is quite plain that even if nature did solely issue metallic money and solely fix its quantity, there would be no resulting guarantee of its value against the interference of governments, unless they were also restrained from supplementing and diluting metallic money by paper money. In order to establish that control of nature over the value of money which M. Cernuschi imagines is safer than that of governments, nature must not only have the exclusive power to make metallic money, but also the power to make metallic money the exclusive money of the world.

M. Cernuschi saw clearly enough in 1877, and now sees, that the chief value of the precious metals is not derived from their essential qualities, but from their selection by law as the material of money.

To the United States Monetary Commission (1877) he said:

"Certainly every one understands that, as respects paper money, the value is created by law; but it is, perhaps, not easy for every one to admit that, with regard to metallic money also, the value is created by law. It is, however, the fact."

Of the series of propositions which he submitted in April, 1881, to the International Monetary Conference in Paris, the one numbered fifteen in the series was the following:

"The value which gold and silver could possibly have as merchandise, if they had not been selected by law as the material of money, is not an element constituting their value as money *(n'est pas un element constitutif de la valeur de la monnaie.")*

But M. Cernuschi makes the two capital mistakes, *first*, of supposing that the power of governments over the selection of a metal as money is exhausted when they have once made a selection, and, *second*, of overlooking the fact that after having elected a metallic money they can change its

value by adding a paper money, or can elect not to have a metallic money at all. To the United States Monetary Commission (1877) he said:

"The legislator of England has had the right of making gold only money; the legislator of India has had the right of making silver only money; the legislator of France has had the right of making bi-metallic money; but when the choice is made the government remains with folded hands and has nothing to do with the quantity of money."

The truth manifestly is, that a government which has selected gold to-day is not under any compulsion to "remain with folded hands," but may select silver to-morrow, return to gold the day after that, and finally on the day still next succeeding establish bi-metallism. Some of the governments of Europe have in recent times changed their policies in this respect with remarkable rapidity and frequency. The hands of a government may be folded, but the power to unfold them is never for an instant lost. And whatever they may do about the metals, they can still affect the value of money at pleasure by greater or less issues of paper, or they may be compelled, in spite of themselves by war or other exigency, to make a complete substitution of paper for the metals.

As a matter of fact, metallic money is not in circulation at all in many commercial countries, being expelled by paper depreciated below the metals, and there is not a single example of a commercial country, even of those which are on what is called the metallic standard, in which the number of the units of money is not increased and their value thereby reduced by paper issues. On the Continent of Europe the present tendency in all the specie-paying countries is towards a still further expansion of paper as an offset to the shrinking of the volume of gold. France has resumed, and on a great scale, the issue of fifty-franc ($10) notes, and in respect to 100-franc ($20) notes, the issue of which was much restricted until within a year and a half, the quantity in use is now largely multiplied. The pressure for the circulation in England of £1 notes, which have always circulated in Ireland and Scotland, is becoming distinctly stronger and more aggressive every day. However long and thoroughly Englishmen may have been educated in the idea that a coined pound sterling, in the form of a gold sovereign, is a fixed and unvarying standard of value, many of them are evidently acquiring a dim and vague comprehension of the possibility that pounds sterling of both kinds, coin and paper, would be more abundant and obtainable at a less sacrifice in exchange for commodities and services, and that the intensity of the demand for gold would be somewhat slackened, if the Bank of England would issue paper sovereigns at the same time that the British mint is issuing gold ones.

In this country the contrary effort is being made to bring more gold and silver into circulation by suppressing all government and bank notes under the denomination of $20. The existing use of small notes conforms to the long-established habits of the people, and is the most convenient and acceptable to them. No change of laws, in an unpopular and odious direction, is ever proposed without some well-defined and strongly-desired object; and it is not difficult to discover in this case that the purpose is to contract the volume and enhance the value of money. The conspicuous advocates of the new scheme are either persons who habitually maintain that money grows better precisely in the proportion that it grows scarcer and dearer, or persons who are bullionists merely because they are mine owners.

The efforts in the specie-paying countries in Europe to increase the use of paper, and in this country to increase the use of the metals, although directed to the accomplishment of different objects, are both based upon the same view and upon the sound view, that where money is on what is called a metallic basis, the value of it is not controlled by the bullion value of the metals, but by the total quantity of the money.

In his letter of March 3, 1879, to the Bullion Club of New York, Mr. Gladstone, now the British Prime Minister, without assigning reasons therefor, declared his opinion to be that "*gold is the best standard.*" That may or may not be so, but he cannot point out any country where such a standard of valuation exists. It certainly does not exist in the United Kingdom of Great Britain and Ireland. It is true that gold is there the standard with which all other money is obliged to be kept at a parity, but it is the total amount of money of all kinds in the British islands, which constitutes the scale of valuation which determines the prices of British property and services. It is one thing for a particular metal to be the standard of the money of a country in the sense that all other descriptions of money in such country are at a parity with it, and quite another thing for the same metal to constitute the whole money, so that the quantities of the metal and of the money are the same. Prices, other things being equal, depend upon the quantity of the entire money in use, and not upon the quantity of a part of the money. Great Britain has not a gold valuation any more than the United States have, although the proportion of gold is much larger in the British than in the American currency. We have not only more paper relatively to the whole amount of money, but we have a certain quantity of full-tender silver, of which the British have none. But this silver is kept now, and at the present rate of coinage will continue to be kept for ten or fifteen years longer at a market parity with gold. In short, gold is to-day, and under present laws will long continue to be, as completely the standard of American

money as it is of British money, and yet nobody would think of describing the monetary scale by which property and labor are priced in this country as being a gold scale, in presence of the masses of silver and paper which enter into our currency and enlarge its volume.

Nobody would think of saying that the monetary scale which determines prices is a gold scale in Holland, where the proportion of gold to the entire monetary mass is even less than it is in the United States. Nevertheless, both the Dutch paper money and the Dutch silver money are kept at a parity with gold. although from three-fourths to four-fifths of the metallic money consists of silver, at a mint valuation two per cent. higher relatively to gold than is given at the American mint.

There is no commercial country which has an exclusively silver scale of valuation. The nearest approximation to that is to be found in India, which, although not ordinarily classed with commercial countries, has a good many titles to be so ranked. Its money, although mainly silver, is still somewhat enlarged by the issue of government legal-tender notes in excess of silver coin held for their redemption. This paper was first authorized by a law passed in 1861, and although it has not made rapid progress, yet the amount outstanding, which was $18,450,000 in 1862, had attained the figure of $65,952,540 in 1879. Some of these notes are of a denomination as small as five rupees, or less than $2.50.

The enlargement or contraction of the volume of money in all the countries on a metallic basis, by the suspension or resumption of coin payments in other countries, is a fact of the same class, and depending upon the same principles, as the fact of the enlargement or contraction of the volume of money in any one country on a metallic basis by a greater or less use of paper in such country. We can easily see that if gold should be demonetized everywhere outside of Great Britain, the principal bulk of that metal would flow thither, and that the coined pounds sterling would be so multiplied that the value of both metallic and paper pounds sterling would experience a great fall. It is plain, also, that in proportion as other countries either newly adopt the use of gold money, or use more of it than formerly, there will be less within reach of Great Britain to be manufactured into sovereigns, so that the value of all credits reimbursable only in pounds sterling, will be enhanced. We can easily see that when any country, which has been using more or less coined money, suspends specie payments, the metal it has been using will wholly or largely flow out, and go to swell the amount, and thus reduce the value of the metals elsewhere, and that *vice versa*, the resumption of coin payments by a country which has been in a state of suspension, operates as a drain upon the metallic resources of other countries. It will be most convenient to reserve for a separate and distinct consideration some conspicuous historical

examples of the effect produced within the last hundred years upon the value of coined money in the world, and as a consequence upon the value of bullion in the world, by the alternating suspensions and resumptions of coin payments by single important countries, or by groups of countries.

To sum up the whole matter, the total demand for the metals to be used as money, depends (1) upon the number and importance of the countries simultaneously employing such money at any one time, and (2) upon the degree of such employment, whether as a greater or less proportional part of their total money. In all circumstances the value of the units of money in countries on the metallic basis is fixed by the number of units, other things being equal, and this number of units is not fixed by the available quantity of the metals, because paper may be, and in fact always is, used for a part of the units. It is conceded on all hands that the value of the metals is mainly derived from the right which they, more or less, generally possess of being converted into money, and it is, therefore, apparent that the height to which their value can be carried is definitively fixed by the value of the money into which they may be converted. The value of money does not depend upon that of the bullion of which a part of it is made, but upon its total quantity, and inasmuch as bullion is in no commercial country the sole material of money, it does not control the total quantity of money. The demonstration is thus complete in respect to commercial countries, *first*, that the value of their coined money is not fixed by that of the bullion in such money, but by the quantity of their money of all kinds; and, *second*, that the maximum value of the bullion is itself fixed by the value of the money into which the bullion may possess the potentiality of conversion.

The glitter and splendor of gold and silver may please the eye and tickle the fancy of children and barbarians, but that they can awaken in the breasts of civilized men any vehemence of desire to possess them, is impossible and inconceivable. What civilized men desire is not gold and silver, but money, and gold and silver chiefly only on acconnt of their convertibility into money, and the intensity of their desire for those metals is gauged exactly by the intensity of their desire for money.

It is not one of the merits, if it would be a merit, of a paper money on a metallic basis, that it is fixed by the "*weight and purity*" of the bullion material of coins. There is no such fixation as that. In respect to a paper money, which is kept at a parity with the metals by convertibility into them, or by controlling its quantity, what can be claimed is, that the limits of its possible expansion and contraction, instead of being indefinitely great, are kept within certain restrictions, since otherwise its parity with the metals could not be maintained.

OBSERVER.

OUR BANKING SYSTEM.

BY THE HON. JOHN KNOX, COMPTROLLER OF THE CURRENCY.

[FROM HIS ADDRESS TO THE AMERICAN BANKERS' ASSOCIATION, AUG. 11, 1881.]

* * * * * * * * *

A true appreciation of the magnitude and importance of the banking business in this country can perhaps be best obtained by reference to the distribution of the stock of the banks, and of their loans and deposits. A few years ago tables were prepared, showing, by States and geopraphical divisions, the aggregate number of shares of National-bank stock held, the number of shareholders in each State holding the stock of banks in their own State, and also of those holding the stock of banks in other States, and the number of shareholders owning specified amounts of stock, in groups of ten shares or less, over ten and less than twenty shares, and so on, up to five hundred shares and over. The total capital, at the time this statement was prepared, was five hundred and five millions ($505,482,866); the number of shares, 6,505,930; and of shareholders, 208,486; and if each shareholder be assumed to have been the head of a family composed of five persons, then they represented, at least, a million of persons having a direct interest in the National banks. With but few exceptions, it was found that the shares of each State were held in each of the geographical divisions of the country—the shares of the banks in New England and in the Middle States being held, to a considerable extent, in the Southern and Western States, while those of the West and South were distributed throughout the North and East—thus showing the homogeneous character of our population. The average amount of stock held by each shareholder in the Eastern States was $2,100; in the Middle States, it was $3,100; in the Southern States, $3,400; in the Western States, $4,800; and in the Pacific States and Territories, $8,300. More than one-half of the shareholders held stock amounting to $1,000 each, or less, while less than one-fifth of the number held stock in amounts of $5,000 each. Twenty-nine thousand six hundred and sixty-one National-bank shares, representing about three millions of dollars, and issued by banks located in twenty States, were held in foreign countries, among which were England, Scotland, Ireland, Germany, France, Spain, Switzerland, Cuba, the West Indies, Holland, Italy, Mexico, Russia, Turkey, Corsica, Japan and China; the shares being held in eleven countries or provinces of this continent and adjacent islands, and in twenty-five countries of Europe, Asia and Africa. Of these shares, I am glad to say that 6,519 were held by our neighbors and cousins on the other side of the river, the citizens of the Dominion of Canada, 3,992 of them having been issued by banks in the State of New York, 1,205 by banks in Massachusetts, 707 in Maine, and 312 in Michigan.

DEPOSITORS IN SAVINGS BANKS, NATIONAL AND STATE BANKS, AND WITH PRIVATE BANKERS.

The average number of depositors in 629 Savings banks, in the year 1880, was 2,335,582, and the average amount of each deposit was $350.71. Later statistics, recently received from the Commis-

sioner of Internal Revenue, show that the average deposits of the Savings banks for the year ending May 30, 1881, were $881,000,000, which, at the above average, would make the total number of depositors more than two and a-half millions. These deposits were chiefly held by heads of families, composed, on an average, of not less than five persons; so that it is probable there were at least twelve and a-half millions of persons directly interested in these funds.

The National and State banks and private bankers now hold at least 1,628 millions of deposits, and these deposits are, as you know, often transferred by check from one depositor to another; and it is therefore reasonable to estimate that a number of persons, equal at least to one-half of the population of the country, are directly or indirectly interested in the deposits of its National and other banks and bankers.

DISTRIBUTION OF LOANS.

For a number of years past the public has been informed how much of the aggregate loans, held by the National banks in the large cities, consisted of indorsed and unindorsed paper, of call or demand loans, and of loans upon real estate; and last year, for the first time, full tables were given, showing the amount of investments in United States bonds, not only by the National banks, but by State and Savings banks, and private bankers also. The amount was distributed as follows: To National banks, 403 millions; Savings banks, 189 millions; State banks, 25 millions, and private bankers, 14 millions; total, 631 millions of dollars, which is fully equal to two-fifths of the present interest-bearing funded debt of the United States.

DISTRIBUTION OF LOANS OF BANK OF FRANCE.

Two years ago the report of the Bank of France contained, as it had done during some previous years, some interesting and curious statistics in reference to its loans. The total number of pieces of paper discounted during the year 1879 was eight millions (8,071,505), of which four millions were payable at its ninety different branches. and nearly four millions at the bank in Paris. The average amount of each bill discounted at Paris was $171.80, and the average of the whole number was $180. The probable average of the discounts exceeding $20 was about $231. Nearly eight thousand of the pieces of paper discounted in Paris (7,842) were for two dollars (10 francs) or less; nearly four hundred thousand (392,845) were for amounts varying from two dollars and twenty cents to ten dollars (or 11 to 50 francs), and more than six hundred thousand discounts (623,232) were for amounts varying from ten to twenty dollars (51 to 100 francs). More than two-thirds of the whole number were, however, in notes above 100 francs, or twenty dollars each. In other words, the Bank of France, which most people suppose deals only in large transactions, discounted during the year more than one million (1,023,919) different pieces of paper, of amounts less than twenty dollars each. The whole amount of these small loans was about 16 millions, while the remainder, aggregating 456 millions of dollars, consisted of nearly three millions (2,878,294) of promissory notes or bills of exchange. By correspondence with the Consul General in Paris, Hon. George Walker, well known to many persons here, it was ascertained that these bills were received by the Bank of France from bankers who

kept accounts with it. These bankers received them from small brokers, who had in turn discounted them for the humber classes of artisans, known as makers of "*Articles de Paris.*" These bills are presented to the bank for discount, with accompanying schedules. The greater part of them are bills of exchange, and are drawn by small manufacturers. The report of the bank, in commenting upon these small bills, says:

"You will observe, gentlemen, that this number of small trade bills, below one hundred francs, which was only 393,503 in 1877, reached in 1878, the number of 1,054,381. There are, again, this year, as many as 1,023,919, and from this you will be able to judge of the extent of the service which the bank renders to the commerce of Paris."

DISTRIBUTION OF LOANS OF NATIONAL BANKS.

Acting upon this hint, obtained from the Bank of France, circulars were issued to the National banks, asking them to furnish similar information regarding the notes and bills discounted held by them on October 2, 1879. The total amount of loans at that time was 875 millions (875,013,107). The number of pieces of discounted paper then held was 808,269, and the average of each discount was \$1,082.59. The number of notes discounted, in amounts of \$100 and less, was 251,345. The other bills were classified in amounts from \$100 to \$500, \$500 to \$1,000, \$1,000 to \$5,000, \$5,000 to \$10,000, and \$10,000 and above; and tables were given showing the number of each class of discounts held, their average amount, and the total amount of money loaned in each of the States and principal cities of the Union. The amount of loans is now more than 1,000 millions. Assuming the number of loans to be the same now as in the tables, the average time of the loans to be sixty days each, and that the banks hold continually the same amount, then the number of discounts made during the year would be nearly six millions, and their amount more than six thousand millions of dollars, which is one hundred and twenty dollars annually for each inhabitant of the country, \$840 for each voter, and \$600 for each family in the country. The number of notes and bills of \$100 or less was nearly one-third of the whole; the number of less than \$500 each was 547,385, or considerably more than two-thirds of the whole; while the number of bills of less than \$1,000 was 642,765, which was more than three-fourths of the whole amount. There were, however, more than 12,000 pieces of paper in amounts over \$10,000 each, of which the banks in New York City, Boston, Philadelphia and Chicago held more than one-half, although such notes were found in the banks of every State, except Florida. Demand loans, of from \$100,000 to \$300,000, are frequently found in New York.

The small pieces of paper, corresponding to the small trade bills of the City of Paris, which are in part received by sewing-machine companies, manufacturers of billiard tables, pianos and farming implements, in monthly payments on these articles sold by them, are usually received by the bankers in this country as collateral security for loans, and are forwarded by them for collection.

While the average amount of each loan made by all the banks was \$1,082.59, the average in the large cities varied from \$3,962 in New York City, to \$1,007 in Louisville; and in the different States, exclusive of the large cities, it varied from \$882 in Georgia, where there were but few banks, to \$375 in Iowa, \$353 in Kansas, and \$350 in West Virginia. If, from these data as a basis, an esti-

mate were to be made of the aggregate loans of the National banks, State banks and private bankers of the country, the number of discounts during the year would appear to be about 8,500,000; from which it is fair to infer, as was found in the case of the deposits, that not less than one-half of the population of the country are directly interested in these negotiations.

Such statistics are not alone curious and interesting—they are useful; and they show how the vast deposits of the country, which flow in large and small streams into the bank reservoirs, are again distributed in large or small streams to turn the wheels of business. They also show how closely the business of banking is interwoven with other branches of business, and how dependent even is the social and domestic welfare of the citizen upon some good system of banking. The student who is familiar with these subjects finds it difficult to understand or to account for the prejudice which prevails in this country against banking institutions that are conducted upon sound principles.

LOANS AND OTHER INVESTMENTS OF THE BANKS AND THEIR DEPOSITS NEARLY EQUAL.

The deposits of the banks and bankers of the United States, including Savings banks, were, in May, 1881, about 2,510 millions of dollars; and if the aggregate loans of the National and State banks be compared with their deposits, it will be found that they do not very largely differ. In other words, the commercial banks, in the aggregate, loan or invest in some way their deposits, reserving an amount about equal to their capital for investment in real estate, which they may take in the settlement of debts or need for banking purposes, and for expense and suspense accounts, and for the reserve and working fund of the bank.

The Savings banks have little or no capital, but during the year ending May 31, 1881, had average deposits amounting to nearly 882 millions ($881,855,898). According to their latest statements they keep on hand, as a reserve, less than five per cent. of their deposits, including bank balances, and the remainder is represented by loans and other forms of investments; while their surplus, undivided profits and minor liabilities, amounting in November last to about sixty-two millions, were represented by real estate and other minor assets.

The bills receivable and other investments of the commercial banks and private bankers, together with the loans upon real estate and other investments of the Savings banks, amounted, in 1880, according to my estimates, to more than 2,200 millions of dollars, which was also about the amount of their deposits at that time. These two items—one of them constituting a resource and the other a liability of the banks—together with our almost universal system of checks and bank accounts, form the basis of almost every business transaction. With these your lodging and breakfast at the hotel are paid, households are maintained, children are educated, the grain is harvested, the cotton picked, and the immense products of the country are gathered and moved, the revenues of the Government are collected, the shaft is sunk in the mine, houses and cities are built, and iron foundries and cotton and woolen mills, and all of the other innumerable objects of industry, are erected and kept in motion. If you meet a farmer with his rounded load on the way to market, a stage upon the frontier, droves of cattle or horses or sheep upon the plains, a train of cars with goods or coal or grain, a raft of pine logs or lumber on the river, a ship upon the lakes,

or a steamer upon the ocean, you may safely assume that every one of these movements, now so happily progressing in time of peace, is in some way connected with the loans and deposits of the banks.

Why, then, should so few people understand or care to interest themselves in bank statements and other similar statistics? Partly because the course of instruction in the schools for years has treated subjects of political economy in the abstract only, unaccompanied by practical illustrations, drawn from the actual operations of business. The people and the school boy are interested in such practical illustrations or details, and having acquired familiarity with them, are better prepared to comprehend and appreciate the aggregate results and the abstract principles deduced therefrom. Let an old, well-established banker become unexpectedly insolvent: how quickly then the interest of all persons is manifested—not alone of those who have funds in the bank, but of those who have not. The creditor and the borrower, the laborer and the lounger, unlimber their tongues, and talk finance more glibly than the most profound economist; and the newspaper men gather around, as active and numerous as bees, to obtain the material with which to gratify the eager public. Somebody is to meet a loss, and somebody is to be obliged to pay: and everybody, the world around, is deeply interested in those who must pay and those who must lose.

USUAL AND SPECIAL REPORTS OF THE BANKS.

The law authorizes the Comptroller to call for statements of the resources and liabilities of the National banks, and also for special reports, whenever in his judgment such reports are necessary. It also requires him to prepare an exhibit of the resources and liabilities of State and Savings banks from such official or other sources as are attainable; and he takes this public opportunity to return his acknowledgments to State officials and bank officers generally for the promptness with which they have responded to his requisitions, not only for the usual statements of the conditions of the banks, but also for special reports. The penalty of one hundred dollars each day for non-compliance by National banks with his requests for reports, has been very rarely enforced. He begs to assure, not only the officers of National banks, but also State and private bankers and others, that he is at all times gratified to receive from any source practical suggestions in reference to bank returns and bank statistics generally.

The most recent special report called for is the one asking for the amount of the receipts and payments by each bank, on June 30 last, in coin, in paper currency, and in checks and bills of exchange, to which statement reference will be made hereafter. Previous returns were made by the banks in relation to the distribution of their bills receivable on October 2, 1879; and during the panic of 1873 the amount of their loans, circulation, deposits, specie and legal-tender notes, and other items, were given at two different dates—one in the midst of the crisis, and the other for the day on which currency payments were resumed. Annual reports have also for some years been made, showing the amount of taxes paid under the laws of the several States. This information can be obtained in no other way; and the returns show that the range of State taxation upon capital in the principal cities is from one to three per cent., in the States outside of these cities from one to two per cent., and that the National and State taxation combined varies in the several States, from a little more than one per cent. to over

six per cent. These abstracts, carefully compiled each year from reliable statements, exhibit with more force than words can express, the outrageous and, I may say, dishonest system of assessment which now prevails in many of the States; and the facts thus shown should, of themselves, be sufficient to uproot such systems, and to inaugurate new legislation, more worthy of intelligent Commonwealths. A bill passed the Senate of the United States during its last session, relieving the banks from the tax on capital and the stamp tax on checks; and there is good reason to believe, now that the remainder of the public debt has been so successfully funded by Secretary Windom, at the low rate of three and a-half per cent., that similar legislation will follow during the next session of Congress.

OTHER INTERESTING AND USEFUL TABLES.

For the information of all, other facts are compiled; such as the earnings, losses and dividends of the banks, which are given semi-annually; the increase and decrease of the surplus fund; the number of depositors in the Savings banks, and the average amount held by each; the loss to the people and gain to the Government from missing bank notes; the ratio of capital to liabilities of the banks in this country and of those in Great Britain, including the Bank of England; the average amount of interest realized to investors in the different English and French loans; the average discount at which these loans were sold; the amount of United States bonds held by National, State and Savings banks, and private bankers, in each State and principal city; the cash reserve of the banks, consisting of coin and legal-tender notes, and of total reserve, including amounts on deposit with approved reserve agents in the principal cities; the ratio of loans to capital and surplus; the profit on circulation; the failures of National banks; the failures of State banks; the percentage of claims paid to creditors of insolvent banks, and the legal and other expenses incurred by receivers in closing their affairs; the annual transactions at the Clearing House in New York City since its organization, and its average daily exchanges and the balances paid in money; the rates of interest upon call loans and commercial paper in New York City, in the Bank of England and the Bank of France, and in other great commercial centers; the amount collected upon the individual liability of shareholders in National banks; the National and legal-tender notes by denominations, and their values in coin during the suspension of specie payments; the condition of State banks in previous periods of suspension, compared with the condition of National banks previous to the year 1878; the different kinds of United States bonds held as security for circulating notes; the movement of circulation, its issue, redemption and retirement; the amount and kinds of currency and of coin held in the banks and the Treasury, and by the people of the country, and the amount and kinds of coin held by other principal foreign depositories; and, in fact, almost every feature of banking which can be presented to the people in properly-arranged tables. These tables are nearly all subordinate to the abstracts of the resources and liabilities of the banks, reports of which, as you know, are called for upon some past date at least five times in each year, and are required to be published in newspapers published in the cities and villages in which the banks are located. Publicity is the leading characteristic of modern banking, and these tables are prepared and widely distributed under the be-

lief that publicity as to the condition of banking institutions, whether of those organized by authority of Congress or under that of State legislation, is desirable, not only for statistical and legislative purposes and for the information of the people, but as a check upon illegitimate operations.

GOOD RESULTS FROM THE FREQUENT PUBLICATION OF STATISTICAL TABLES.

The frequent publication of all these details, and of similar statements made by others upon economic subjects, as well as the discussion throughout the country, during the period of suspension of specie payment, of the matters to which they refer has had a wonderful influence in educating the people, and has revolutionized the method of instruction upon these subjects in the larger schools and colleges and universities. The effects of this education of the people will be seen in the next generation, when it is believed that the unjust prejudice now existing against banks and bankers that pursue a legitimate business will, to a great extent, disappear in this country, as it has already ceased elsewhere.

DISTRIBUTION OF COIN AND PAPER CURRENCY.

Perhaps the most interesting feature of the banking of the present time is the distribution of the paper money and coin of the country. On May 1, 1881, there was 699 millions ($699,281,583) of paper money outstanding, all of which was and is readily convertible into coin on demand. There was on that day, according to the estimates of the Director of the Mint, 520 millions of gold coin in the country, and about 172 millions of silver coin, the latter of which, under our present absurd silver legislation, is still increasing at the rate of $2,300,000 monthly. The total amount of coin and paper currency on that day, including 39 millions of silver certificates, was 1,430 millions, as follows:

May 1, 1881.	*Amount.*
Gold coin	$520,000,000
Silver coin	172,071,327
Silver certificates	39,157,940
Legal tender-notes	346,681,016
National-bank notes	352,600,567
Total	$1,430,510,850

The amount of gold, silver and paper currency held in the Treasury and in the banks, was as follows:

May 1, 1881.	*In the Treasury.*	*In National banks.*	*In State banks.*	*In Savings banks.*
Gold coin	$164,357,154*	$114,547,842	$19,102,130†	$17,072,680‡
Silver coin	88,402,020	6,820,380		
Silver certificates	——	1,260,340		
Legal-tender notes	14,632,086*	70,561,296	25,828,794†	
National-bank notes	5,988,259	30,555,075		
Totals	$273,379,519	$223,744,933	$44,930,924	$17,072,680

*Less gold certificates and legal-tender certificates respectively.

†The separate items of coin and paper currency in the State banks are not reported. The amount of coin held by them is estimated as being $2,000,000 greater than it was on November 1, 1880, and the amount of paper currency the same as it was on that date.

‡The separate items of the cash of the Savings banks are not reported. The amount is estimated as being the same as it was on November 1, 1880.

If the amount of coin and currency in the Treasury and the banks be deducted from the total amounts estimated to be in the country, the remainder will be the amount then in the hands of the people, as follows:

May 1, 1881.	*Amount.*
Gold coin	$221,992,874
Silver coin	76,848,927
Silver certificates	37,897,600
Legal-tender and National-bank notes	534,643,393
Total	$871,382,794

Of the gold, the Treasury and the banks held, on May 1, 298 millions, and the people, 222 millions; of the silver, the Treasury held 88 millions, the banks nearly seven millions, and the people 76 millions, including about 54 millions in subsidiary coin. Of the paper money, including silver certificates, the banks and the Treasury held 166 millions, and the people the large amount of 572 millions.

The people throughout the country everywhere ask for paper, and the banks find difficulty in supplying the demand, and a like difficulty in inducing their dealers to accept coin in payment.

The Clearing-House vault in New York is full to overflowing. On November 11, 1879, the amount of balances, paid to and received from the Clearing House was, in gold coin, $8,300,000, weighing about fifteen-and-a-half tons; and on the second of last month the Clearing-House banks received from the Assistant Treasurer $4,960,000, weighing a little more than eight tons. The Assistant Treasurer in New York pays to the banks daily an average of a ton and a half of coin, which form of payment is a relic of barbarism, that could be easily remedied by legislation authorizing the issue of a sufficient amount of gold certificates receivable for customs. Even the preference of the Treasury itself for paper money was so great, that it is only recently the banks have been permitted to redeem their circulation at the Treasury in the gold coin of the Constitution.

PREFERENCE OF THE PEOPLE FOR CREDIT PAPER MONEY.

It was supposed that after the war famine of seventeen years' continuance the people, who had hardly seen a gold coin during that period, would welcome back the yellow metal with eager hands. But the fixed habits of the people are stronger than their love for gold, and convertible paper currency is preferred by them.

This love of paper money is not a new thing. It existed in this country before the Declaration of Independence, and has grown to be bone of our bone and flesh of our flesh. It is generally believed that the revolt from the mother country was on account of the stamp tax; and it is true that the throwing overboard of the tea in Boston harbor was the overt act, and that the attempt of the mother country to enforce by the sword the right of taxation without representation was the immediate cause of the revolution. Our fathers, it is true, hated taxation without representation, but, as it afterwards proved, they hated taxation even with the right of representation.

* * * * * * * * *

How much or how little the preference of our fathers for paper money, whether issued by the Government or by banks, had to do with the Revolution, I do not undertake to say; but it is certain that our prejudice against the mother country on account of the

stamp tax should be tempered by the fact that she instructed her Colonial Governors, not only to give us good advice in reference to the issue of unconvertible paper money, but also, in the case of Massachusetts, insisted that the advice should be followed, though not without danger of a rebellion from the fiat-money advocates of that day.

I do not purpose at the present time to discuss the question of the amount of convertible paper currency required for the business of the country, but I should be glad to see the coin go more generally into circulation; for there is danger that the use of paper, issued so exclusively, may lead many people to believe that National-bank notes and legal tenders are real money, instead of simply promises to pay money on demand. There is danger that such conclusions, formed from the habit of receiving and paying out as money these promises to pay, will again lead to over-issues of unconvertible money if an occasion shall arise, in preference to raising the necessary revenue by some form of taxation; and such a course would certainly involve new and enormous losses to the country and the people.

FIRST USE OF BANK CHECKS IN ENGLAND.

"In the reign of William, old men were still living who could remember the days when there was not a single banking house in the city of London. So late as the time of the Restoration every trader had his own strong box in his own house, and when an acceptance was presented to him, told down the crowns and Caroluses on his own counter. But the increase of wealth had produced its natural effect, the subdivisions of labor. Before the end of the reign of Charles the Second, a new mode of paying and receiving money had come into fashion among the merchants of the capital. A class of agents arose whose office was to keep the cash of the commercial houses. This new branch of business naturally fell into the hands of the goldsmiths, who were accustomed to traffic largely in the precious metals, and who had vaults in which great masses of bullion could lie secure from fire and from robbers. It was at the shops of the goldsmiths of Lombard Street that all the payments in coin were made. Other traders gave and received nothing but paper.

"This great change did not take place without much opposition and clamor. Old-fashioned merchants complained bitterly that a class of men who, thirty years before, had confined themselves to their proper functions, and had made a fair profit by embossing silver bowls and chargers, by setting jewels for fine ladies, and by selling pistoles and dollars to gentlemen setting out for the Continent, had become the treasurers, and were fast becoming the masters of the whole city. These usurers, it was said, played at hazard with what had been earned by the industry and hoarded by the thrift of other men. If the dice turned up well, the knave who kept the cash became an alderman; if they turned up ill, the dupe who furnished the cash became a bankrupt. On the other side, the conveniences of the modern practice were set forth in animated language. The new system, it was said, saved both labor and money. Two clerks, seated in one counting-house, did what, under the old system, must have been done by twenty clerks in twenty different establishments. A goldsmith's note might be transferred ten times in a morning, and thus a hundred guineas, locked in his safe close to the Exchange, did what would formerly have required a thousand guineas,

dispersed through many tills, some on Ludgate Hill, some in Austin Friars, and some in Tower Street,

"Gradually, even those who had been loudest in murmuring against the innovation, gave way and conformed to the prevailing usage. The last person who held out, strange to say, was Sir Dudley North. When, in 1680, after residing many years abroad, he returned to London, nothing astonished or displeased him more than the practice of making payments by drawing bills on bankers. He found that he could not go on 'Change without being followed round the piazza by goldsmiths, who, with low bows, begged to have the honor of serving him. He lost his temper when his friends asked where he kept his cash. 'Where should I keep it,' he asked, 'but in my own house?' With difficulty he was induced to put his money into the hands of one of the Lombard Street men, as they were called. Unhappily, the Lombard Street man broke, and some of his customers suffered severely. Dudley North lost only fifty pounds; but this loss confirmed him in his dislike of the whole mystery of banking. It was in vain, however, that he exhorted his fellow-citizens to return to the good old practice, and not to expose themselves to utter ruin in order to spare themselves a little trouble. He stood alone against the whole community. The advantages of the modern system were felt every hour of every day in every part of London; and people were no more disposed to relinquish those advantages for fear of calamities, which occurred at long intervals, than to refrain from building houses for fear of fires, or from building ships for fear of hurricanes."*

REPRESENTATIVE MONEY.

This graphic description of Macaulay's gives authentic information concerning the earliest organization of banks and the use of checks among English-speaking nations. It was more than eighty years thereafter before the London Clearing House was established, and the organization of the New York Clearing House dates eighty years still later—in 1853, so that it may be said that the complete system of banking machinery now in use in this country, and so familiar to all bankers, has been in operation but 28 years.

Checks, certificates of deposit, and drafts or bills of exchange, which, of late years, have been somewhat incorrectly termed "representative money," are the most important and useful parts of the machinery of the bank. The issue of circulating notes is not an essential feature of banking; for, as you know, there are more than 1,600 State and Savings banks in this country, chiefly incorporated under State laws, which do not issue such notes. But checks and drafts are almost as indispensable as capital or deposits to the successful conduct of the business of banking.

In discussing, in 1877, the prospects of resumption, in reply to those who insisted that the banks must provide specie for the payment of all their notes and deposits, it was said:

"Not many years ago it required one hundred large and heavy weights to balance one hundred bushels of wheat. To-day, by the advance in mechanical science, a five-pound weight will balance a much larger amount of produce, while the actual use of the pound weight is confined to the small transactions of the retail trade. It would now be impracticable to weigh the products of the country with the old-fashioned balances; but, by the aid of the modern plat-

*Macaulay's History of England, Vol. IV, page 5.

form scales, the weight of car-loads of coal and of canal-boats of grain are quickly and accurately determined in pounds, every one of which is exactly sixteen ounces avoirdupois. There is not sufficient gold or silver coin in the country with which to pay for the one-twentieth part of the products of the present year; but the machinery of the bank, with its system of checks, and bills of exchange, and Clearing Houses, can pay for it all in dollars, every one of which will be an equivalent of the true standard dollar of twenty-five and eight-tenths grains of gold, nine-tenths fine.

"Resumption does not mean the actual use and handling of the gold dollar in every transaction. Coin and currency are but the small change used in trade. Bank checks and bills of exchange are the instruments employed in all large transactions. A single check pays for a whole invoice of goods, for car-loads of coal, and for houses and lands. Resumption means only that the dollar represented by the check shall be equivalent to twenty-five and eight-tenths grains of gold, as the pound represented upon the beam of the platform scale shall be equivalent to sixteen ounces avoirdupois. It means that the millions and billions of business transactions of a single year shall each be measured by a fixed and true, and not by a fluctuating and false, standard of value."*

The number of such checks and drafts used in any country depends largely upon the number of places of deposit which it contains. In England, banks and bankers are numerous, and large numbers of such instruments of exchange are used, particularly in the principal cities. In France, on the other hand, their use is much more infrequent, for there are no incorporated banks in that country, except the Bank of France, with its ninety branches; and forty-one of these branches, in 1878, were conducted at a loss of $162,225, and thirty of them, in 1879, at a loss of $95,840.

Victor Bonnet, a well-known French writer, says: "The use of deposits, bank accounts and checks is still in its infancy in this country. They are very little used, even in the great cities, while in the rest of France they are completely unknown. It is, however, to be hoped that they will be more employed hereafter, and that here, as in England and the United States, payments will be more generally made through the medium of bankers, and by transfers in accounts current. If this should be the case, we shall economise both in the use of specie and of bank notes; for it is to be observed that the use of bank notes does not reach its fullest development except in countries where the keeping of bank accounts is unusual, as is evident by comparing France in this respect with England. M. Pinard, manager of the Comptoir d'Escompte, testified before the Commission of Inquiry, that the greatest efforts had been made by that institution to induce French merchants and shopkeepers to adopt English habits in respect to the use of checks and the keeping of bank accounts, but in vain; their prejudices were invincible; it was no use reasoning with them; they would not do it, because they would not."

In 1880, there were in this country, 6,532 banks and bankers, located in all its principal cities and villages, and the number of checks and drafts in daily use by our own people is consequently larger, in fact far greater, than anywhere else in the world. In some countries all deposits offered are received, and a charge is made to the depositor for keeping his account. In others, bank accounts are

*Comptroller's Report, 1877, page 14.

refused unless the depositor comes well introduced and it is believed that his account will be of considerable pecuniary benefit to the bank. In this country the bank is in many instances a convenience to the depositor, rather than the depositor of benefit to the bank; for the latter keeps the cash account of the depositor, and pays out amounts upon his order, and at his request returns to him his checks properly endorsed, which are then held by the depositor as vouchers or receipts for the payment of his debts. How largely such checks and drafts and certificates are used in this and other countries is not known; for there are no published statistics upon this subject, except those contained in the transactions of the Clearing House.

TRANSACTIONS OF CLEARING HOUSES.

The total amount of transactions at the New York Clearing House in 1880 was more than 37,000 millions, and the amount of balances paid in money was more than 1,500 millions. The average daily exchanges were more than 121 millions, while the average daily balances paid in money were but four and nine-tenths millions, or only four and one-tenth per cent. of the amount of the settlements. The transactions of the London Clearing House, which is the oldest establishment of this kind in the world, are large, and the balances are settled by check on the Bank of England, without the handling of money; while those of the Paris Clearing House are comparatively small.

An article in the BANKER'S MAGAZINE for June of the present year, gives some interesting information upon the "Clearing House system." It states "that there are twenty-six Clearing Houses in the United States, representing 394 banks, and having a capital of nearly 245 millions ($244,981,686) and surplus of nearly 92 millions ($91,913,746). The capital represented in these Clearing Houses is equal to about 38 per cent. of the banking capital of the United States."

PROPORTION OF BANK CHECKS, BANK NOTES AND COIN USED IN LONDON, FROM DATA PREPARED BY SIR JOHN LUBBOCK.

I have said that there are no published statistics exhibiting the extent to which checks, drafts and certificates are used in the business of banking. To this statement two exceptions are to be noted. The first consists in information given by Sir John Lubbock, an eminent banker, who is President of the Bankers' Institute in London, in reference to the business of his bank during the last few days of 1864, which statement is published in the *London Statistical Journal* for 1865.

Transactions to the amount of £23,000,000 were effected by the use of coin and documents, as shown in the following statement:

	Per cent.
Checks and bills passed through the Clearing House	70.8
Checks and bills not cleared	23.3
Bank of England notes	5.0
Coin	.6
Country-bank notes	.3
	100.0

The receipts of money from his town customers during those days amounted to 19 millions of pounds, and, when analyzed, gave the following results:

	Per cent.
Checks and bills	96.8
Bank of England notes	2.2
Country-bank notes	.4
Coin	.6
	100.0

Jevons, in his book on *Money and the Mechanism of Exchange*, says: "It is not for a moment to be supposed that these figures represent the average use of coin in banking transactions. The proportional amounts of different kinds of money and commercial documents used in different parts of the country, in different trades, or in banks of different size and character, differ widely. It is much to be desired that bankers and others, who have the facts before them, should publish more copious information on the subject."

PROPORTION OF BANK CHECKS USED, FROM DATA PRESENTED BY PRESIDENT GARFIELD.

The second exception is the following: In 1871, a gentleman in this country, then a member of Congress, collected some data upon this subject. He has now been connected with public affairs for nineteen years, and since about the time of the passage of the National Bank Act; and notwithstanding that his residence has been in a section of the country where his financial views were not in harmony with those of a large class of the people, he has made a record for consistency and soundness not excelled by that of any public man of the day. I may add, in this connection, that he has long been a leader among men, and has recently become endeared to the whole American people by the high qualities displayed by him under a most trying ordeal, hitherto, happily, with one exception, unknown to the public men of this country. It is not necessary for me to say that I refer to President Garfield.

In his noted speech on resumption, delivered in the House of Representatives on November 16, 1877, he said: "In 1871, when I was chairman of the Committee on Banking and Currency, I asked the Comptroller of the Currency to issue an order, naming fifty-two banks which were to make an analysis of their receipts. I selected three groups; the first was the city banks. The second consisted of banks in cities of the size of Toledo and Dayton, in the State of Ohio. In the third group, if I may coin a word, I selected the "countriest" banks, the smallest that could be found, at points away from railroads and telegraphs.

"The order was that those banks should analyze all their receipts for six consecutive days, putting into one list all that can be called cash, either coin, greenbacks, bank notes or coupons, and into the other list all drafts, checks or commercial bills. What was the result? During those six days $157,000,000 were received over the counters of the fifty-two banks; and of that amount $19,370,000—twelve per cent. only—in cash, and eighty-eight per cent.—that vast amount, representing every grade of business, was in checks, drafts and commercial bills."

PROPORTION OF COIN, PAPER MONEY AND CHECKS RECEIVED BY THE NATIONAL BANKS, JUNE 30, 1881.

I have already referred to the circular letter recently issued to the National banks, asking for special statements showing the receipts and payments by them on the 30th of June last. In that letter it was stated that similar information would also be requested

for some subsequent date. This circular will be issued in September next, when I hope to receive responses from all the banks; for I feel assured that in no official way can we so surely gratify the President as by completing in this year the work which he commenced in 1871.

Responses to this circular were received from 1,966 of the 2,106 National banks to which it was sent, including all those in the sixteen reserve cities, and leaving 140 associations only from which the desired information was not obtained.

TOTAL AMOUNT OF RECEIPTS OF ALL THE BANKS IN MONEY AND CHECKS.

The total receipts of these 1,966 banks on June 30 last, were 284 millions of dollars ($284,714,017). Of this amount there was less than two millions ($1,864,105) in gold coin, about half a million ($440,997) in silver coin, and eleven and one-half millions ($11,554,747) in paper money; the remainder, amounting to 270 millions ($270,854,165), being in checks and drafts, including nine millions ($9,582,500) of Clearing-house certificates. The gold coin equaled $\frac{66}{100}$ of one per cent. of the total receipts; the silver coin was $\frac{16}{100}$ of one per cent.; the paper money 4.6 per cent.; while the checks and drafts constituted 91.77 per cent of the whole amount; or, including the Clearing-house certificates, they were equal to 95.13 per cent. In other words, the total percentage of coin and paper money was 4.87 per cent. only, and of checks and drafts 95.13.

TOTAL RECEIPTS OF MONEY AND CHECKS BY THE BANKS IN NEW YORK CITY AND IN FIFTEEN OTHER PRINCIPAL CITIES, AND BY THE REMAINING BANKS.

The receipts of the forty-eight National banks in New York City were 167 millions ($167,437,759), of which less than one-half million ($460,993.67) was in gold coin, $15,996.95 in silver coin, and $1,706,604.06 in paper money; the remaining 165 millions ($165,254,164) being in checks and drafts, including nearly four millions ($3,835,500) of Clearing-House certificates.

The receipts of the 187 banks in the fifteen reserve cities, exclusive of New York, were seventy-seven millions ($77,100,705), of which $581,070 was in gold, $114,485 in silver, $3,631,710 in paper money, and seventy-two millions ($72,773,450) in checks and drafts, including $5,747,000 of gold Clearing-House certificates.

The total receipts of the remaining banks, 1,731 in number, were forty millions ($40,175,542), of which $822,041 was in gold coin, $310,516 in silver coin, six millions ($6,216,433) in paper money, and nearly thirty-three millions ($32,826,552) in checks and drafts.

PROPORTION OF CHECKS AND DRAFTS IN THE PRINCIPAL CITIES.

The proportion of gold coin to the whole receipts in New York City was $\frac{27}{100}$ of one per cent.; of silver coin, $\frac{1}{100}$ of one per cent.; of paper money 1.02 per cent., and of checks and drafts, including Clearing-House certificates, 98.7 per cent.

The percentage of gold coin received in the fifteen other cities was 0.76, of silver coin 0.15, of paper currency 4.71, and of checks and drafts 94.38. The percentage of gold coin received by the banks not included in these cities was 2.05, of silver coin 0.77, of paper currency 15.47, and of checks and drafts 81.71.

Taking all the 1,966 banks together, the relative proportion of gold

coin received was 0.65, of silver coin 0.16, of paper currency 4.06, and of checks and drafts 95.13 per cent., as will be seen from the following table:

	No. of banks.	Receipts.	Proportions.			
			Gold coin.	Silver coin.	Paper currency.	Checks, drafts, etc.
			Per cent.	Per cent.	Per cent.	Per cent.
New York City	48	$167,437,759	0.27	0.01	1.02	98.70
Other principal cities	187	77,100,715	0.76	0.15	4.71	94.38
Banks elsewhere	1,731	40,175,542	2.05	0.77	15.47	81.71
United States	1,966	$284,714,016	0.65	0.16	4.06	95.13

TOTAL RECEIPTS AND PROPORTIONS OF GOLD COIN, SILVER COIN, PAPER MONEY, AND CHECKS AND DRAFTS.

The percentage of checks and drafts received in Boston was 96.5; in Philadelphia 96.0; in Baltimore 92.9; Chicago 91.9; Cincinnati 88.0; St. Louis 82.3; Louisville 92.8; New Orleans, 89.9; Detroit 87.5; Cleveland 93.9; and Milwaukee 88.3; as will be seen from the following table, which gives the total receipts, the number of banks and the proportion of checks and drafts held by those in each city:

Cities.	No. of Banks.	Receipts.	Proportion of checks, drafts, etc. Per cent.
New York City	48	$167,437,759	98.7
Boston	54	$33,088,080	96.5
Albany	7	1,417,704	93.8
Philadelphia	32	18,061,565	96.0
Pittsburgh	22	2,149,067	90.3
Baltimore	16	3,875,255	92.9
Washington	5	206,601	59.8
New Orleans	7	1,206,759	89.9
Louisville	8	742,330	92.8
Cincinnati	8	2,965,355	88.0
Cleveland	6	1,751,037	93.9
Chicago	9	8,141,189	91.9
Detroit	4	806,211	87.5
Milwaukee	3	417,244	88.3
St. Louis	5	1,940,053	82.3
San Francisco	1	332,265	91.8
Total, excluding New York City.	187	$77,100,715	94.4
Total, including New York City.	235	$244,538,474	97.3
Banks elsewhere	1,731	40,175,542	81.7
United States	1,966	$284,714,016	95.1

As soon as the returns to be called for during the month of September are received, the whole will be carefully tabulated, and I shall then have the satisfaction of presenting to the public the first elaborate statistical tables upon this subject ever compiled, which information will, I am confident, interest you as much as any which has ever been published in reference to the business of banking.

MONETARY CRISES.

There was a monetary crisis in the autumn of 1873, which differed in its results from any other panic ever known in this respect,

namely: that on the 20th of September, of that year, there occurred, not a suspension of specie payments, but a suspension of paper-currency payments. So extraordinary was this crisis that it was supposed it would be remembered for a century at least. But I am informed that, although but eight years have passed since its occurrence, it has already been entirely forgotten; and by way of remembrance, and at the risk of wearying your patienee, I venture to recall to your minds some memoranda heretofore prepared by me, which has been already printed.

THE PANIC OF 1873.

"The monetary crisis of 1873 may be said to have had its beginning in New York City on September 8th of that year, by the failure of the Warehouse Security Company, and of two houses which had left their regular business to embark in enterprises foreign thereto, and these were followed on the 13th of that month by the failure of a large firm of stock brokers. On the 18th and 19th two of the largest banking houses in the city, well known throughout the country, and which were interested in the negotiations of large amounts of railroad securities, also failed; and on the 20th of the same month the failures of the Union Trust Company, the National Trust Company, the National Bank of the Commonwealth, and three other well-known banking houses were announced. On the same day the New York Stock Exchange, for the first time in its existence, closed its doors, and they were not again opened for a period of ten days, during which time legal-tender notes commanded a premium over certified checks of from one-fourth of one per cent. to five per cent. An active demand for deposits commenced on the 18th of September, and increased rapidly during the 19th and 20th, chiefly from the country correspondents of the banks; and their drafts for paper currency continued to such an extent that the reserves of the bank were alarmingly reduced.

"The 'call loans,' amounting to more than sixty millions of dollars, upon which the banks relied to place themselves in funds in such an emergency, were entirely unavailable, because the means of the borrowers, upon the realization of which they depended to repay their loans, were, to a great extent, pledged with the banks. These collaterals could in ordinary times have been sold, but at that moment no market could be found except at ruinous sacrifices. Had there been a market, the payments would have been made in checks upon the associated banks, which would not have added to the general supply of cash. A meeting of the Clearing-House Association was called, and on Saturday evening, September 20th, a plan for issuing loan certificates, based on the resources of the banks belonging to the association, to be used in the settlement of balances at the Clearing House, was unanimously adopted.

"The suspension of currency payments immediately followed. It was at first confined to the banks of New York City, but afterward extended to other large cities, because the New York banks could not respond to the demands of their correspondents in those cities, and these, in turn, could not respond to the demands of *their* correspondents. Exchange on New York, which would otherwise have commanded a slight premium, was at a discount, and to a considerable extent unavailable. The suspension of the banks in other leading cities, almost without exception, followed, and their partial or entire suspension continued for forty days, and until confidence was, in a measure, restored by the resumption of the New York City banks on the first day of November following.

"Although predictions had been made of the approach of a financial crisis, there were no apprehensions of its immediate occurrence. On the contrary, there were in almost every direction evidences of prosperity. The harvest was nearly or quite completed, and the bins and granaries were full to overflowing. The manufacturing and mining interests had also been prosperous during the year, and there was good promise that the fall trade, which had opened, would be as large as during previous years.

"It would require much space to explain the general causes which led to this crisis. Its immediate cause is, however, more apparent. The money market had become overloaded with debt, the cost of railroad construction for five years past being estimated to have been $ 1,700,000,000, or about $ 340,000,000 annually; while debt, based upon almost every species of property—State, city, town, manufacturing corporations and mining companies—had been sold in the market. Such bonds and stocks had been disposed of to a considerable extent in foreign markets, and so long as this continued the sale of similar securities was stimulated, and additional amounts offered. When the sale of these securities could no longer be effected abroad, the bonds of railroads and other enterprises of like nature which were in process of construction were thus forced upon the home market, until their negotiation became almost impossible. The bankers of New York City, who were burdened with the load, could not respond to the demands of their creditors, the numerous holders of similar securities became alarmed, and the panic soon extended throughout the country."

It was my intention, in this connection, to have called your attention to the special tables, to which reference has already been made, giving, at three different dates, the amounts of loans, deposits, balances due from banks, and legal-tender notes and coin held by the banks in the city of New York, and in fifteen other cities, and in the remaining banks, during the panic of 1873. But I have been informed through the press that other gentlemen are to read papers upon the subject of financial crises. . . . If the banks and bankers of this country will steadily decline to make loans upon speculative stocks and bonds, and will keep their reserves well in hand, they will then be well prepared for a return of the "dark days" of 1873, which I trust are many years distant.

SCHOOL SAVINGS BANKS IN FRANCE.

According to the Paris correspondent of the London *Economist*, School Savings banks have made rapid progress in France during the last few years. They met with little success until 1874, when they were reorganized on a simple plan by M. de Malace, who had studied the systems adopted in foreign countries. The result was that, between 1874 and 1877 8,033 new school banks were founded without State aid; and in response to the appeal made by M. de Malace to the local authorities and school masters, a return issued from the Ministry of Public Institution, gives statistics of the situation of those banks on the 1st of January last. The number had increased from 8,033 in 1877 to 10,440 in 1879, and 14,273 in 1881. The number of depositors at these dates was 143,272, 177,574 and 307,452 respectively, and the amount of the deposits 2,984,352 francs in 1877, 3,602,621 francs in 1879, and 6,228,560 francs in 1881.

CURRENT EVENTS AND COMMENTS.

ELECTRIC STORAGE AND ECONOMIC PROGRESS.

"Water power and steam power," says a judicious writer, "are the two economic forces that are destined to transform into wealth the crude materials which abound no more in modern times than in the ancient world, though they are infinitely more available." To these two motive powers the labors carried on during the last quarter of a century, by many ingenious men in Europe and here, have added another force available for mechanical uses, that of electricity. And obviously one of the most important conditions for utilizing electricity would be the expedient of storing this force in a portable form, so that it could be transported with ease from place to place. The newspapers have given many facts as to the experiments making for this purpose. The following details from the London *Times* are worth placing on record. They refer to the discovery of M. Camille Faure, who charged a box in Paris with one million foot pounds of electricity and sent it to Edinburgh. Within the box were "four Faure batteries, each about five inches in diameter and ten inches high, forming a cylindrical leaden vessel, and containing alternate sheets of lead and minium wrapped in felt, and rolled into a spiral wetted with acidulated water, and the whole placed in a square wooden box measuring about one cubic foot, and weighing some seventy-five pounds." And in a letter to the *Times* Sir William Thomson, to whom the box was sent, gives the following information, and has now announced the result of his experiments. "The marvelous 'box of electricity' has," he says, "been subjected to a variety of trials and measurements in my laboratory for now three weeks. The 'million of foot pounds' kept in the box during its seventy-two hours' journey from Paris to Glasgow was no exaggeration. One of the four cells, after being discharged, was recharged again by its own laboratory battery, and then left to itself absolutely undisturbed for ten days. After that it yielded to me 260,000 foot pounds (or a little more than a quarter of a million). This not only confirms M. Reynier's measurements, it seems further to show that the waste of the stored energy by time is not great, and that for days or weeks, at all events, it may not be of practical moment. This, however, is a question which can only be answered by careful observations and measurements carried on for a much longer time than I have hitherto had for investigating the Faure battery. I have already ascertained enough regarding its qualities to make it quite certain that it solves the problem of storing electric energy in a manner and on a scale useful for many important practical applications. . . . The largest useful application waiting just now for the Faure battery—and it is to be hoped that the very minimum of time will be allowed to pass till the battery is supplied for this application—is to do for the electric light what a water cistern in a house does for an inconstant water supply. A little battery of seven of the boxes described by your correspondent suffices to give the incandescence in Swan or Edison lights to the extent of 100 candles for six hours, without any perceptible diminution of brilliancy. Thus, instead of needing a gas engine or steam engine to be kept at work as long as the light is wanted, with the liability of the light failing at any moment through the

slipping of a belt—an accident of too frequent occurrence—or any other breakdown or stoppage of the machinery, and instead of the wasteful inactivity during the hours of day or night when the light is not required, the engine may be kept going all day and stopped at night, or it may be kept going day and night, which will undoubtedly be the most economical plan when the electric light comes into very general use. The Faure accumulator, always kept charged from the engine by the house supply wire, with a proper automatic stop to check the supply when the accumulator is full, will be always ready at any hour of the day or night to give whatever light is required. Precisely the same advantages in respect of force will be gained by the accumulator when the electric town supply is, as it surely will be before many years pass, regularly used for turning lathes and other machinery in workshops and sewing machines in private houses. Another very important application of the accumulator is for the electric lighting of steamships. A dynamo-electric machine of very moderate magnitude and expense, driven by a belt from a drum on the main shaft, working through the twenty-four hours, will keep a Faure accumulator full, and thus, notwithstanding irregularities of the speed of the engine at sea or occasional stoppages, the supply of electricity will always be ready to feed Swan or Edison lamps in the engine room and cabins, or arc lights for mast-head and red and green side lamps, with more certainty and regularity than have yet been achieved in the gas supply for any house on *terrâ firmâ*." The great obstacle to the adoption of electricity as a motive power is the great cost of its use. It is impossible to foresee the extent to which the Faure battery is capable of diminishing the cost and augmenting the use of electricity as a motive power, but its benefits as aiding the availability of electricity for lighting purposes will probably be first realized.

SUGGESTIONS FOR CHEAPER RENTS.

The population of the city of New York have the reputation of being, on the average, worse housed than the population of any American city. A correspondent of the New York *Tribune* says: "If some company were formed that would purchase a large tract of land in the vicinity of New York, erect plain, sanitary dwellings on it, secure cheap travel from the railroads and receive monthly or weekly instalments from the tenants, who in five, seven or ten years would become owners of their own homes, such a company would confer lasting, social and moral benefits upon the working classes. Different locations and grades of dwellings to suit the laborer, clerk, agent, teacher, &c., would enter into the plan. The scheme is not utopian, but has been in successful operation in England, France and Germany for more than thirty years. England has more than 2,000 building societies with 800,000 members. London alone has over 700 such societies, and over $20,000,000 advanced on property to its members. Let one of many illustrations that might be given, suffice to show the success of the plan. At Muhlhausen, in Alsace, 100 houses were built in 1853, an additional 428 in 1859, and 560 more in 1866, when 700 of them were owned by the workingmen, capital and interest all paid. This was done in about fourteen years at an expense to the workingmen of only $4.60 per month. The moral results were the regeneration and uplifting of hundreds of families. Because of the high price of land on Manhattan Island I have suggested its suburbs."

THE GREAT FLORIDA LAND PURCHASE.

Mr. Disston, a wealthy Philadelphian, has purchased 4,000,000 acres of land in Florida, or about one-eighth of the surface area of the State. Some 500,000 acres of the tract are covered with valuable timber, and the rest is suitable for cultivation. A colonization scheme is embraced in the purchase, which promises to become of importance. Some local papers in Florida are not satisfied with the terms of the sale. The Tampa *Tribune* says: "When the people become fully conversant with the terms of the sale and the location of the 4,000,000 acres of land sold to Mr. Disston by Governor Bloxham, their indignation will know no bounds. Considering the interest of the State, the disposal of the State lands in southern counties at twenty-five cents an acre is a tremendous sacrifice which can never be justified under any circumstances."

PNEUMATIC CLOCKS.

Recent invention has made it possible to move and regulate the clocks of a whole city by means of compressed air furnished from central stations. Paris has sixteen miles of pipe laid in the sewers. Two thousand pneumatic clocks in five hundred houses, and fourteen public clocks, are connected with the central works, and are receiving the time over these wires. Vienna has also adopted the system, and it is to be introduced into London, St. Petersburg and Madrid.

The system of transmitting time by means of compressed air is claimed by a correspondent of the *Sun* to be due to an American, Mr. Herman J. Wenzel, of San Francisco, whose patents in this country are said to antedate any attempt at such a system in Europe. It is claimed that Mr. Wenzel's simplified system does away with all unnecessary expense. The regulator itself, while controlling all the clocks of a building or block, also furnishes the power for transmitting the compressed air, which it does by simply moving a lever up and down in two glass jars partially filled with glycerine, which will neither freeze nor evaporate.

POPULATION OF MONTREAL.

The Montreal *Journal of Commerce*, of June 10, says: "The population of Montreal, according to the returns of the enumerators thus far received, has increased fifty per cent. within the past ten years. The greatest increase is noticeable in the east end of the city, among the French Canadian working classes. It is believed that the population within the city limits will reach at least 150,000, and with the suburbs, over 200,000. Six thousand six hundred emigrants arrived in this city during last month; a large number of Germans and Scandinavians proceeded to the Western States, but the majority settled in Ontario and Manitoba.

THE COD FISHERIES.

The Newfoundland cod fishery this season promises to be the most abundant experienced the past thirty years. From almost all the great fishing centers north and south of St. John's the reports are uniformly favorable. "In many places," says a Newfoundland correspondent of the Montreal *Gazette*, "the catch is so great that the fishermen, though working almost night and day, can with difficulty dispose of the fish and get it salted. Here in St. John's the fishermen are taking such enormous quantities that they are selling their overplus to curers at a dollar per hundred weight." The Norwegian cod fisheries are reported to be yielding very poorly this season.

CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION.

FIRST DAY, WEDNESDAY, AUGUST 10, 1881.

The Convention, in accordance with previous announcement, met at the Pavilion, Prospect Park, Niagara Falls, on Wednesday, August 10th, 1881. The meeting was called to order by Mr. E. B. Judson, President of the First National Bank of Syracuse, who stated that the President, Hon. Alex Mitchell, would not be present, and that a telegram had been received from J. D. Vermilye, Vice-President of the Association, stating that he would be unable to attend Under these circumstances, he moved that Mr. E. G. Spaulding, of Buffalo, preside. The motion was carried, and Mr. Spaulding took the chair.

The Vice-Presidents were then invited to take seats on the platform, and the Rev. R. B Wolsley was introduced and opened the meeting with prayer.

Mr. Spaulding returned thanks for the honor conferred on him; spoke of the prosperity of the country, and said he trusted the deliberations of the Convention would be of such a character as to receive the approval of business men and the country at large. On motion, the calling of the roll was dispensed with.

Mr. George S. Coe, Chairman of the Executive Council, being called upon for a report, stated that the Council were not ready to report at present, but would do so at a later period of this Convention. The Treasurer reported a balance from last year of $2,989.65; receipts, $10,761; payments, $9,737.14, leaving a present balance of $4,013 51 in the treasury. The report, on motion, was adopted. The next business in order was the election of officers, and, on motion, the Chair was ordered to appoint a committee of seven to nominate officers for the ensuing year.

A paper on the "Progress of the Lake Trade," was presented by Mr. Henry Martin, and read, at the request of Mr Martin, by the General Secretary, Mr. Edmund D. Randolph.

On motion, the paper was referred to the Executive Council.

Hon. Reuben E. Fenton, President of the First National Bank of Jamestown, N. Y., was invited by the Chairman, and read a paper on "Our Banking System, its Benefits and its Burdens." On motion, the thanks of the Convention were returned to Gov. Fenton for his able address.

A paper by Mr. John Thompson on the question, "When will this Great Prosperity End, or when will another Panic Sweep over the Country?" was read by the Secretary, Mr. Thompson not being present.

On motion of Mr. Geo. S. Coe, a telegram was sent to the President of the United States expressing sympathy with him in his affliction, and hoping for his speedy recovery.

The telegram was read, and the Chairman suggested that the motion of Mr. Coe be unanimously adopted by a rising vote, which was done.

Mr. N. B. Van Slyke read a paper on "National Banks," which, on motion, was referred to the Executive Council.

A paper, by Mr. William E. Gould, on "Money and its Legitimate Uses through the National Banks," was presented and referred to the Executive Council, Mr. Gould not being present

Mr. Channing Whitney, of Adrian, Mich., mooted the question of sending forth checks by merchants to Eastern banks and having them credited at par.

Mr. Charles Parsons, of St. Louis, thought the banker was entitled to a commission, and the proper way was to charge it to the correspondent

Mr. Thomas F. McGroo, of Springfield, Ohio, made remarks on the question of banking facilities and the interior exchanges as developed by wise financial legislation, by a sound banking system, and by improvements in railroad transportation.

Mr. Geo. S. Coe further discussed the subject of Mr. McGroo's remarks,

and said that the prosperity was not due to the wisdom of Congress or to the financial system of the country, but to the immense crops that Divine Providence had blessed them with.

Further discussion ensued on the subject of exchange in New York. and was participated in by Messrs. Chas. Parsons, Philo Parsons, Logan H. Roots, and others.

The Chair announced the following Committee on Nominations: Thomas Henry, R. M. Gere, D. B. Northrop, David Frost, Thomas W. Holliday, Thomas McGroo and Chas. F. Smith.

Mr. Wm. G. Deshler called attention to the advantages of registering and procuring tickets for the different points of interest.

The Chair announced that the Committee on Nominations would meet in room 10 of the International Hotel immediately after the adjournment, and that the Executive Council would meet at one o'clock in their committee room.

SECOND DAY'S PROCEEDINGS—THURSDAY, AUGUST 11, 1881.

The session was opened by Mr. Geo. S. Coe, who stated that, in the absence of Mr. E. G. Spaulding, who occupied the chair yesterday, Mr. Thomas Henry, President of the Mobile Savings Bank, Mobile, Ala., would preside over the deliberations of the Convention. Prayer was offered by the Rev. Mr. Bacon.

The Chair announced that the first paper to be read was that of the Hon. William Windom, Secretary of the Treasury, on "Government Finance." Mr. Windom's communication was read as follows by Mr. Edmund D. Randolph, the General Secretary of the Association:

COMMUNICATION OF HON. WILLIAM WINDOM, SECRETARY OF THE TREASURY.

TREASURY DEPARTMENT,
WASHINGTON, D. C., August 8, 1881.

GEORGE MARSLAND, Esq., *Corresponding Secretary American Bankers' Association, Niagara Falls, N. Y.*

SIR: I have to acknowledge the receipt of your letter of June 30, 1881, inviting me to be present at the annual Convention of your Association, to be held at Niagara Falls, the 10th, 11th and 12th instant, and to give to the Convention a sketch of the funding operations of the Government since the incoming of the present administration.

I regret that circumstances will not permit me to accept your invitation to be present; and as the funding operations to which you refer are not quite completed, no precise statement of the transactions can yet be given.

It may be stated, however, that when I entered upon the duties of my present position, in March last, I found that of the bonded indebtedness of the Government there were of five-per-cent. bonds, redeemable at the option of the Government after May 1, 1881, the amount of $469,320,650, of which the amount of $146,101,900 was represented by coupon bonds; and of six-per-cent. bonds, redeemable at the option of the Government after July 1, 1881, the amount of $202,266,550, of which $45,391,000 were represented by coupon bonds.

Only the coupons for the quarterly interest falling due on May 1, 1881, remained upon the coupon five per cents, and none upon the coupon six per cents, the next semi-annual interest on which would fall due on July 1, 1881.

The refunding act, by which it was proposed to retire all of these bonds, and to issue therefor bonds bearing a lower rate of interest, with several years to run before the Government had the option of payment, after having received much consideration by Congress during the last session, had failed to become

a law; and the only resources of the Government to meet the maturing obligations were the surplus revenues, and the amount of $ 104,652,200 four-per-cent. bonds, being a part of those authorized by the acts of July 14, 1870, and January 20, 1871, and remaining unissued.

These resources were not sufficient to provide for all the maturing bonds, and, owing to the length of time which such four-per-cent. bonds had to run before maturity, it was not deemed advisable to issue more of the loan, if such issue could well be avoided.

While there was no imperative necessity for providing for the registered bonds of the maturing loans, some plan was needed to meet the interest payments on the coupon bonds. and there seemed to be no practicable method of meeting these payments without considerable expense to the Government, as well as to the holders of the bonds.

Finally, to meet the demands of public creditors, and at the same time to avoid the calling of an extra session of Congress, which seemed to be the only other alternative, the plan was matured which has been put into operation, and has proved successful.

Under this plan, on April 11, there was called for absolute payment on July 1, 1881, the small loan of $ 688,200, bearing six-per-cent. interest, and known as the Oregon War Debt, and at the same time, for payment on the same date, the six-per-cent. loans, Acts of July 17 and August 5, 1861, amounting to $ 140,544,650, and act of March 3, 1863, amounting to $ 55,145,750; but to the holders of the bonds of the two latter loans permission was given to have their bonds continued at the pleasure of the Government, with interest at the rate of three and a-half per centum per annum, provided they should so request, and the bonds should be received by the Treasury for that purpose on or before the 10th day of May, 1881; and in case of coupon bonds, registered stock of the same loan should be issued therefor.

The six-per-cent. bonds to be continued were promptly received in a large amount, and new registered ones issued therefor, with the fact of their continuance stamped upon their face; but it was subsequently deemed advisable to extend the time for the receipt of the old bonds to May 20, 1881.

It was also found that foreign holders of the six-per-cent. bonds were inclined to dispose of their investments rather than to send them to the Treasury for exchange; and the immediate payment of so many bonds abroad being likely to cause a drain of coin from this country, and to disturb business, an agency for the exchange of the bonds in London was established.

This plan for continuing the sixes has proved entirely satisfactory, there having been presented in due time for continuance, at three and a-half per cent. interest, the amount of $ 178,055,150, leaving to be paid off from the surplus revenues $ 24,211,400, for which the Treasury had ample resources.

Having succeeded in disposing of the six-per-cents, on May 12th, the Department gave notice that the coupon five-per-cent. bonds of the loan of July 14, 1870, and January 20, 1871, would be paid on August 12, 1881, with a like privilege of continuing the bonds at three-and-a-half per cent. to such of the holders as might present them for that purpose on or before July 1, 1881; and at the same time the Treasury offered to receive, for continuance in like manner, any of the uncalled registered bonds of that loan to an amount not exceeding $ 250,000,000, the remainder of the loan being reserved with a view of its payment from the surplus revenues.

The continued three-and-a-half per cent. bonds having a market price slightly above par, the five-per-cents in question were rapidly presented, and it became necessary to extend somewhat the limit fixed for the amount of registered bonds to be accepted for continuance.

On July 1st, a notice for the payment, on October 1, 1881, of the registered fives not continued was given, and the resources of the Treasury will be ample to meet their payment.

The transactions concerning the five-per-cents are, as above stated, not quite completed. Probably there will be continued in all about $400,000,000 of this loan, leaving to be paid $39,708,050, the remainder of the loan having already been paid from the surplus revenues under calls previously made.

By this plan the Department has been not only relieved from the embarrassment of providing for the payment of the coupon interest, but has reduced all the six and five-per-cent. loans of the Government to a loan payable at the option of the Government, and bearing interest at only three-and-a-half per cent. per annum; and this, with the trifling expense to the Government of preparing the new registered bonds, and of paying the actual expenses of the London agency, at which only three persons have been employed for a few weeks, issuing about $44,500,000 of the continued bonds.

The saving to the Government through the continuance of these bonds is very gratifying. On the six-per-cents continued, the annual saving hereafter, in interest, will be $4,451,378.75; on the five-per-cents, assuming four hundred millions to be continued, the annual saving will be $6,000,000—making an annual saving hereafter, in the interest of the public debt, as the result of the continuance of the six and five-per-cent. bonds, of $10,451,378.75.

Meanwhile, from March 1st to October 1, 1881, when these operations will have been completed, there will be paid of six-per-cents $24,211,400, and of five-per-cents $69,320,650, making an additional annual saving in interest of $4,918,716.50—a total reduction of the interest charge in seven months of $15,370,095.25.

In other words, the annual interest charge, which was on March 1, 81, $76,845,937.50, will be on October 1, 1881, as nearly as can now be stated, $61,475,842.25.

This saving in interest can hereafter be applied to the reduction of the debt, thus reducing it and the burdens arising therefrom more rapidly than heretofore.

Yours truly,

WILLIAM WINDOM.

On motion it was unanimously resolved that the thanks of the Convention be offered to Secretary Windom for his valuable communication, and that it be published with the minutes of the Convention.

The next paper announced by the Chair was on "The Future Currency of the United States," by Mr. George S. Coe, President of American Exchange Bank of New York, who read his address as follows:

ADDRESS OF MR. COE, OF NEW YORK.

WHAT SHALL BE THE CURRENCY OF THE FUTURE?

Mr. President and Gentlemen of the Convention:

It is very obvious that the continued reduction of the public debt is fast removing the foundation of the National banking currency, and that the system itself, thus losing its characteristic support, is approaching dissolution.

The advancing price of Government bonds, consequent upon their gradual

diminution in volume, and strengthened by a growing demand for the investment of trust funds of every character, has already made the service of issuing currency profitless to banks, weighed down as they are with heavy burdens of special taxation.

With the certain progress of this reduction and absorption of bonds, it is evident that the existence of the present system of banking cannot long be protracted, and that very soon some substantial change in the basis of our National currency will be inevitable.

The circumstances that originated, and perhaps compelled, the creation of the National currency law, have not only entirely passed away into history, but they have become completely reversed. The system was called into being as an important auxiliary to Government, and was designed to absorb, utilize and sustain the public debt when it was being thrown upon the country during the agonies of a colossal war, in almost countless sums, and with the prospect of further unnumbered millions to come; all to be carried solely by the unaided power of a divided nation and by home capital and institutions. And well did the banks perform their part in the heroic struggle.

But the public debt no longer requires this extrinsic support. It is not only essentially self-sustaining, but it is eagerly sought for in all parts of the world, as the choicest and safest among the National loans.

It has become so embodied in the vital interests of our own people, and so interwoven with the whole fabric of our institutions, that the very payment of small proportions from time to time is regarded by the owners as a penalty to be suffered, rather than as a benefit to be secured.

To avert this dreaded *penalty of receiving payment of a debt*, the public creditors have eagerly hastened voluntarily to surrender a large proportion of their annual interest, thereby substantially giving freely to the Government nearly one-half the amount of their principal debt, for the sake of saving to themselves a diminished, yet certain annuity.

Such a transition in National affairs within a brief period of twenty years has never been witnessed since the world began, and such a marvelous reversal and triumph of public credit is unknown to history. In view of it, every man of real sensibility must stand in grateful wonder.

Notwithstanding the social inconvenience which may result from this rapid payment of the National debt, and the consequent disturbance in the affairs of individuals and organizations throughout the country, yet the public sentiment undeniably favors its early and entire extinction. This sentiment, costing as it does the continuance of heavy taxation, nevertheless has too much of National good in it to be repressed. It is public virtue in most emphatic expression. However much the National currency may be regarded as superior to other systems, yet it manifestly will not be perpetuated, if to do it the National debt must also continue. Dependent upon the sentiment of the country upon that issue alone, it is evident that the currency must die. Its days are already numbered. Every fractional advance in the price of Government bonds is a blow at its life; and the march of events everywhere indicates its subversion from the present basis.

The practical question before the country, then, is this—*What currency shall take its place?*

Can the National features be preserved and other sound security for circulating notes be substituted?

Since the prohibition of the issues of State banks, the debts of the wealthier States have been paid off or reduced to small sums. Many of them owe little or nothing. Those that remain are either too unstable in value or too small in amount to furnish the requisite security for either National or State issues, so that State bonds cannot supply the places vacated by the withdrawal of the National debt. A great change has also, in the meantime, taken place in the commercial conditions and relations of the various States to each other and to the country at large. States once comparatively isolated have become interlocked with the others by railroads and modern motors, and sections once distant and almost exclusive in their local trade and currency, are now so banded together by commercial ties and easy modes of social intercourse that local interests formerly restricting them no longer exist. Modern commerce knows

no State lines; it is by its very nature widely National. Every railroad every telegraph, every newspaper, is doing its part to consolidate this people into commercial and social unity. We may as well divide into parts and restrict the currents of our great rivers as our growing commerce, by sectional divisions The Mississippi could not be so bound, and to that great fact in nature we owed, in a large measure, the preservation or the imperiled nationality.

Currency notes, in the same manner, once emitted anywhere within the States of the Union, diffuse themselves among the people of the broad land, and become practically National. They involuntarily come into the possession of the holders for money value, by the natural operations of trade and travel. Whatever their origin, the receiver cannot stop to exchange them at the border lines of their native domain. They are a commercial representative, and however issued, they follow the course, and are subject to the laws, which govern their commercial constituents. They accompany their possessor over railroads, rivers and lakes, wherever he goes, irrespective of State boundaries or political divisions.

In the very nature of the case, they should all therefore be equivalent to coin in every part of the land, be made convertible at the central point of commerce, possess some homogeneous character, and be subject to some general National control and regulation.

But if Government bonds are becoming impracticable, and State debts do not exist of proper amount and character, to be admissible as security for the currency, what remains? In place of the present National system, the alternative will of course be pressed upon Congress, of *Government notes, whether legal tender or otherwise, as a perpetual currency.*

I do not propose at this late day to spend the valuable hours of an association of bankers, in discussing the intrinsic absurdity of any form of notes to circulate as money, in which the full commercial money value does not inhere. Of whatever name, or from whatever source derived, all such notes "are only evil, and that continually." The higher the authority that emits them, the greater their influence for harm.

After all the light which history, experience and reason have shed upon that plausible, yet intrinsic absurdity, it may be left to die with the small party which still clings to it for support. If superior wisdom in Congress or Court does not earlier extinguish it, the payment of the National debt will happily sweep away that worst remaining relic of the war, and purge the currency of the poisonous and deceitful element.

Nor can the accustomed security be supplied by corporate bonds or individual mortgages of real estate. These are all too fluctuating, transitory and local in their character for the purpose proposed, and are given a fictitious and temporary value by the very currency they are intended to protect. They have already been tried for this purpose, and found wanting in the necessary elements of sound, permanent and convertible security.

We are then finally reduced to commercial assets, as the original and only remaining basis of currency issues. And is not this, after all, the most natural, useful and reliable foundation for the community to rest upon?

All financial value consists of the gathered results of human labor. These gradual accumulations constitute the real capital of society; upon them alone, both the community and the State must subsist. From them the Government draws its total strength and vitality, and the share of them which can be contributed to it in the form of taxes, is everything that the State can possibly possess. All the reserved forces of the country are in these articles of subsistence and comfort and commerce. That country is most independent that has the most of them, and so far as it possesses them, it holds the world at command.

The business of a bank is to assist in the exchange and distribution of these productions, both within and without the community. It first gathers together an aggregation of these stores in a capital of its own, to secure the trusts otherwise committed to it, and to increase its resources and its ability to facilitate the distribution and diversify the exchanges of others, and also to possess itself of a reserve to meet delays and unforeseen contingencies. The condition of that bank is soundest, and its power most effective whose assets

are all composed of notes, drafts and obligations of the people, that constitute title deeds to those articles most demanded for the subsistence and necessities of men, and for their comfort and convenience, together with a due proportion of ready money, into which all those things are exchangeable. As seed time and harvest are perpetual, and human wants demand incessant supply, and prompt to unceasing labor, so the men and the institutions that keep themselves and their resources intelligently within this circle of industry, are most useful to society and safest for themselves. A bank thus rightly conducted is the focal point to which all active labor converges, and from which goes out in return the vital energy that renews and stimulates industry and enterprise. Its assets consists of the stored-up labor and exchangeable industry of society.

Now to say that an institution organized for such a purpose, to be safe, should first deprive itself of its capital and lend it to the State, in order to secure its liabilities to the community, is to say that it is strongest when it empties itself of strength. It is to so far relinquish the very object of its creation. It may be truly said that "a bank is not a bank" to the extent that it does this very thing.

Commerce is wealth, public debt is poverty. It is, therefore, intrinsically absurd, first to gather together the real thing for its legitimate use, and then to substitute for it that torpid investment, which has not a single function for the purpose intended. And when the law thus diverts the working capital of any institution from its proper object, it not only deprives the community of so much of its efficient commercial energy, but it practically declares that the business of banking is of such dangerous character, that its natural and full exercise cannot be safely permitted, even where the highest commercial instinct declares it indispensable. It is to say that trade cannot be best left to its own inherent laws. All history disproves this position. The oldest and safest institutions in this country and in the civilized world are commercial banks. They have in all nations outlived the changes of governments that formed them, and have uniformly given, rather than received, support from States in their greatest emergencies. And this because they are the embodiment and receptacles of the active industrial power of the people, always greater than the State itself.

The idea of protecting bank notes by State or National bonds is a modern device, and it certainly has not been conclusively proved a superior security. The same disposition has prevailed in times past to excessive issues of State as of corporate obligations, and the same financial disturbances which have heretofore caused a decline of the one, have equally and at the same time affected the other. Such security did not prove the most effective in the day of extremity; on the contrary, the union of commercial and political interests involved them both in the same embarrassments, just when they most required independent action.

And so it would have occurred with our own National currency during the war, had not the whole system been accompanied by an issue of irredeemable notes, poured out of the Treasury in quantities demanded for every trial, and subject to none of the restraints of imperative payment in money, that govern commercial obligations.

The most conspicuous and influential authority for the emission of circulating notes for use as money, upon a pledge of public debt, is found in the Bank of England. whose issue department is permitted to put forth some fifteen millions sterling, of such paper, based upon a loan of the capital of that institution to the British Government.

Experience in that nation has repeatedly shown, that whenever a severe strain and crisis in financial affairs has there occurred, the public debt instantly felt the depressing force, and declined in measured extent, and instead of a sale of that security, relief was only found in a temporary suspension of the Government restriction, and in an additional issue of notes upon commercial paper. That whole measure is so near akin to our system of legal-tender issues, that the family likeness is distinctly traceable. Can it be doubted that if, instead of the Government debt, the same amount of commercial paper, commanding as it would the various industrial products required by all

civilized men, were pledged to the issue department, it could draw from the world the speedier and more efficacious relief, in any form demanded?

The statement of the question furnishes its own reply.

While it cannot be denied that much evil and loss has resulted from the issue of currency notes by irresponsible organizations, it is also true that greater loss has come from such notes emitted by States and governments themselves; and it may be fairly questioned, whether the injury incurred in the United States by broken and defaulting corporations, did not proceed from isolated and sporadic institutions, inconsiderately permitted in the earlier and unsettled period of the country, before the States had become consolidated into a commercial nation, by facilities of travel and trade, and before they thus became subjected to those inexorable financial laws that govern the commercial world.

But notwithstanding all the disadvantages of inexperience, in a new country of wide area and scattered populations, comparatively inaccessible to each other, the fathers of our States, in the financial institutions they established after due deliberation, displayed, in many of the States, a rare sagacity in placing them upon solid and substantial foundations.

The history of the various systems of bank-note currency, thus created in many of the older States of the Union, fully demonstrates the superiority of the commercial basis of security.

First. The system of New England, under the mutual redemption and exchange of notes at the Suffolk Bank. Boston, proved a safe and effective one, and was attended with little or no loss to the community during its many years of trial.

Second. The States of Ohio, Indiana and Kentucky each enjoyed for a long period, under their State organizations, a strictly commercial currency of great efficiency, without loss to the holders of the notes.

Third. The State of Louisiana possessed a banking and currency system unsurpassed in its excellence and stability.

Fourth. The currency system of the State of New York, last established, was the first one requiring such special collateral security for its issues. So far as this security consisted of bonds and mortgages upon real estate, it was an admitted failure; and the change to State bonds did not save it from suspension in 1857. Its notes were then all finally redeemed, but they were so rather by a combination of commercial forces than because of the pledge of bonds for their protection.

But our aim is not so much to review the various plans hitherto adopted to secure the public against loss by currency notes used as money as, in view of the inevitable payment and withdrawal of the National debt, to show that in commercial assets the banks and the people possess the security required, and the best security that can possibly exist, and this because it is that upon which alone not only the Government itself, but the whole structure of human society reposes.

The final question is—*Under what regulations can this security be made available for this special object?*

The obligations of a bank, as well for its deposits as for its circulating notes, are substantially the same. They are equal in quality, and perform the same office of exchanging the products of labor. But the holders of the notes receive them as money, in a great degree involuntarily and in ignorance of their value, and therefore the State has properly undertaken to give to the people that protection which they cannot themselves secure. And this is eminently just.

The important features of the existing system are these:

First. The pledge of bonds as security for circulating notes.

Second. The responsibility of shareholders for another amount equal to their shares.

Third. The public exhibition of the bank's condition by requirement of sworn reports.

Fourth. The inspection by Government officials.

Fifth. The regular and central redemption of all the notes, and the retention of a coin deposit for that purpose.

With the exception of the first, these are reasonable, practicable, and just regulations. They may all be preserved in a National law, as necessary to any

substantial system. In place of the security now required, the circulating *notes* may be *limited to a sum equal to one-half or three-fourths the cash capital paid in; be made a preferred debt in case of failure; and carry interest at an extra rate for every day's delay that they are not redeemed in coin, after presentation at the home or central office;* with the prohibition of any circulating notes in the United States, not embraced within these regulations. These restrictions will afford perfect security to the public, and are sufficiently severe to prevent any dangerous expansion of paper money. In making the note-holder a preferred creditor, the capital and assets of a bank are substantially pledged as now for the circulating notes, but the institution may meantime be free to employ them at its own discretion for business purposes, *controlled and admonished by the ceaseless requirements of the central coin redemption.* Thus will the whole power of the organization be restricted to such commercial uses as will keep the entire fund in constant, useful and healthful activity, and give to the country a currency so representing and keeping pace with its moving industries, that it will, in the very nature of things, always provide for its own redemption.

A vote of thanks being unanimously given to Mr. Coe his paper was referred to the Executive Council, and the Hon. John Jay Knox, Comptroller of the Currency, was called upon to address the Convention. Mr. Knox read a valuable paper on the "Progress of our Banking System." At the close, Mr. W. G. Deshler moved a vote of thanks to Mr. Knox, which was adopted, the paper being ordered to be printed without the usual reference to the Executive Council. Mr. Knox's paper attracted great attention. It will be found in the previous pages of this Magazine.

Several reports from our Clearing Houses were then presented to the Convention, also a communication from Sir John Lubbock, M. P., of Eondon. R. H. Inglis Palgrave, of London, and Mr. G. H. Pownall, of Manchester, all of whom had been invited to attend the Convention. Mr. Palgrave's paper was as follows:

MR. PALGRAVE ON ENGLISH BANKING.

Mr. Prrsident and Gentlemen of the Convention:

The records respecting early English Banking are exceedingly scanty, and all statements respecting the subject are still necessarily very imperfect, owing to the fact that none of the English private bankers ever let any figures respecting their business be published. The statements which follow deal solely with the *deposits* of banks, and are irrespective of *capital* and reserve funds, which, exclusive of the Bank of England, but including the private banks, may be estimated at from ninety to ninety-five millions at present date.

The earliest rough estimate I can discover is one in a pamphlet published in 1834. It refers to London bankers only, and is as follows:

In the City	£15,000,000
In West End	9,000,000
Private deposits at Bank of England	5,500,000
Total	£29,500,000

From this a sum of £3,000,000 is deducted as belonging to country bankers, leaving £26,500,000 for London deposits. An estimate made by Mr. G. W. Norman (at one time Governor of the Bank of England) is the next in date I can offer you; it was given in evidence before the Select Committee of the House of Commons on Banks of Issue in 1840, and is as follows:

Banking deposits of metropolis, including Bank of England.		£30,000,000
Country banks, England		40,000,000
" " Scotland	18 to	20,000,000
" " Ireland	10 to	15,000,000
	98 to	£105,000,000
Note circulation		£40,000,000
Metallic " (estimated at)	20 to	30,000,000

Mr. Newmarch's estimate of the position of affairs in 1851, was as follows:

CAPITAL WIELDED BY COUNTRY BANKS.

900	bank offices in England and Wales, at about £100,000 each, or, say	£97,000,000
360	bank offices in Scotland, at about £100,000 each, or, say	36,000,000
1,260		£133,000,000
170	bank offices in Ireland, at about £100,000 each, or, say	17,000,000
1,430		£150,000,000

CAPITAL WIELDED BY LONDON BANKERS

Thirty-five City bankers, private (joint stock), 1¼ million each		£44,000,000
Sixteen West End		20,000,000
Bank of England	12,000,000	36,000,000
" " "	24,000,000	
		£250,000,000
Add to this insurance offices, &c., deposits with bill brokers		£10,000,000
Total		£260,000,000

My own estimate, made in 1873, was as follows:

Deposits of Bank of England, say	£34,000,000
Liabilities of London banks	£179,000,000
" " provincial banks	210,000,000
	£389,000,000
Deduct for capital employed, partly estimated	54,000,000
	£335,000,000
Add	34,000,000
	369,000,000
Liabilities of Scotch banks, including circulation	82,000,000
" " Irish " " "	34,500,000
	£485,500,000
Proportion of circulation, including bank-post bills, not covered by bullion, say	500,000
Foreign and colonial banks, liabilities £120,000,000, say, 15 per cent. of these	18,000,000
	£504,000,000
Add discount houses, two-fifths of deposits, say	32,000,000
	£536,000,000

The more recent estimates, which have appeared in the *Economist*, are as follows:

DEPOSITS OF BANKS IN UNITED KINGDON AT THE FOLLOWING DATES—BANK OF ENGLAND STATED SEPARATELY.

		Bank of England.	*In all, say,*
Say, autumn, 1878..	£520 or £530,000,000	£24,000,000	£550 to £560,000,000
Say, spring, 1879..	460 " 470,000,000	38,000,000	500 " 510,000,000
Say, autumn, 1879..	470 " 480,000,000	37,500,000	510 " 520,000,000
Say, spring, 1880..	490 " 500,000,000	33,500,000	520 " 530,000,000
Say, autumn, 1880..	470 " 480,000,000	31,600,000	510 " 520,000,000
Say, spring, 1881..	460 " 470,000,000	32,000,000	500 " 510,000,000

The amount of the capital and reserve funds of the banks are not included in this statement, but it is to be understood as an estimate of the sums belonging to the customers of the banks in the hands of their bankers. The amounts with the discount houses are not included in these last figures, which compare, say, £485,500,000, in 1873, with £510,000,000, in 1881. The

growth of banking deposits in Great Britain was hindered by the bad seasons of 1879 and 1880, and by the general depression of the trade of the country, but I think that since this year began improvement has again recommenced. You may roughly say that banking deposits have about doubled in this country during the last thirty years.

This paper was referred to the Executive Council with the thanks of the Convention to Mr. Palgrave. It was ordered to be printed in the Minutes of the Convention. On motion, the Convention then adjourned to meet at 3 P. M.

THIRD SESSION—THURSDAY AFTERNOON.

The Chairman, Mr. Thomas Henry, called the meeting to order about three o'clock, and said that the first business in order was that of the programme, when, on motion, it was adopted that the regular order of business be suspended.

The following resolution was presented by Wm. H. Rhawn, President National Bank of the Republic, Philadelphia, and read by Dr. Marsland, the Corresponding Secretary:

Resolved, That the question of providing for the continuance or of renewals of articles of association of the National banks be referred to the Executive Council, for consideration and such action as may be deemed fit.

Adopted.

Mr H. H. Camp, Cashier First National Bank, Milwaukee, Wis., offered the following resolution:

Resolved, That the Secretary of the Treasury be and is hereby requested, upon the deposit of gold coin as bullion with the Treasurer of the United States, in sums of not less than $20, to issue gold certificates therefor.

After some discussion, the paper was, on motion, referred to the Executive Council, and the report of the Nominating Committee was read by Dr. Marsland, tbe Corresponding Secretary.

The report was then presented by the committee, with the exception of the name of Daniel J. Fallis, President of the Merchants' National Bank of Cincinnati, who was named as the Vice-President from Ohio. Mr. Fallis wished to withdraw his name in favor of Hon. Benjamin Eggleston, of Cincinnati, O. His resignation was accepted, and Mr. Eggleston was nominated in his stead. The Chairman then put the question; and the list, as amended, was adopted, and the officers were declared duly elected, as follows:

AMERICAN BANKERS' ASSOCIATION, 1881-82.

President.

GEORGE S. COE, President, American Exchange National Bank, New York City.

First Vice-President.

L. J. GAGE, Cashier, First National Bank, Chicago, Ill.

Vice-Presidents.

ALABAMA..........	Thomas Henry, President, Mobile Savings Bank, Mobile.
ARIZONA..........	M. W. Kales, Cashier, Bank of Arizona, Prescott
ARKANSAS.........	Logan H. Roots, President, Merchants' National Bank, Little Rock.
CALIFORNIA........	William Alvord, President, Bank of California, San Francisco.
COLORADO	William B. Berger, Cashier, Colorado National Bank, Denver.
CONNECTICUT......	George A. Butler, Cashier, National Tradesmen's Bank, New Haven.
DAKOTA	R. C. Lake, President, First National Bank, Deadwood City.
DELAWARE.........	Edward Betts, President, First National Bank, Wilmington.
DIST. OF COLUMBIA	John A. J. Creswell, President, Citizens' National Bank of Washington.
FLORIDA	D. G. Ambler, President, Ambler's Bank, Jacksonville.
GEORGIA	L. J. Hill, President, Gate City National Bank, Atlanta.
IDAHO	James H. McCarty, President, First National Bank, Boise City.
ILLINOIS	Calvin T. Wheeler, President, Union National Bank, Chicago.
INDIANA	F. A. W. Davis, Cashier, Indiana Banking Company, Indianapolis.
IOWA...............	F. H. Griggs, President, Citizens' National Bank, Davenport.
KANSAS............	John R. Mulvane, President, Topeka Bank, Topeka.
KENTUCKY	J. W. Proctor, Cashier, Central National Bank, Danville.
LOUISIANA.........	J. J. Tarleton, Cashier, Citizens' Bank, New Orleans.
MAINE.............	William W. Thomas, President, Canal National Bank, Portland.
MARYLAND........	Daniel Annan, Cashier, Second National Bank, Cumberland.
MASSACHUSETTS...	William H. Foster, Cashier, Asiatic National Bank, Salem.

MICHIGAN......... Henry P. Baldwin, President, Second National Bank, Detroit.
MINNESOTA........ Henry P. Upham, President, First National Bank, St. Paul.
MISSISSIPPI........ Edward S. Butts, President, Vicksburg Bank, Vicksburg.
MISSOURI..... .... Rufus J. Lackland, President, Boatmen's Savings Bank, St. Louis.
MONTANA......... Samuel T. Hauser, President, First National Bank, Helena.
NEBRASKA .... H. Kountze, President, First National Bank of Omaha, Omaha.
NEVADA........... George Tufly, Cashier, Carson City Savings Bank, Carson City.
NEW HAMPSHIRE.. Henry J. Crippen, Cashier, National State Capital Bank, Concord.
NEW JERSEY...... O. L. Baldwin, Cashier, Mechanics' National Bank, Newark.
NEW MEXICO...... S. B. Elkins, President, First National Bank, Santa Fe.
NEW YORK........ Frederick D. Tappen, President, Gallatin National Bank, New York City.
NORTH CAROLINA. William E. Anderson, President, Citizens' National Bank, Raleigh.
OHIO.......... ... Hon. Benjamin Eggleston, President, Second National Bank, Cincinnati.
OREGON .... Henry W. Corbett, Ex-Senator U. S. and Vice-President First N. B., Portland.
PENNSYLVANIA . Joseph Patterson, President, Western National Bank, Philadelphia.
RHODE ISLAND.... J. W. Vernon, Cashier, Merchants' National Bank, Providence.
SOUTH CAROLINA.. Andrew Simonds, President, First National Bank, Charleston.
TENNESSEE........ Nathaniel Baxter, Jr., President, First National Bank, Nashville.
TEXAS .... M. Kopperl, President, National Bank of Texas, Galveston.
UTAH... .... William H. Hooper, President, Deseret National Bank, Salt Lake City.
VERMONT.......... Hon. L. P. Poland, President, First National Bank, St. Johnsbury.
VIRGINIA.......... John P. Branch, President, Merchants' National Bank, Richmond.
WASHINGTON TER Dexter Horton, of Horton & Co., Seattle.
WEST VIRGINIA.... J. Nelson Vance, President, Exchange Bank, Wheeling.
WISCONSIN........ N. B. Van Slyke, President, First National Bank, Madison.
WYOMING .... Edward Ivinson, President, Wyoming National Bank, Laramie City.

Executive Council.

JACOB D. VERMILYE, President, Merchants' National Bank, New York City.
EDMUND D. RANDOLPH, President, Continental National Bank, New York City.
MORTON MCMICHAEL, Jr., Cashier, First National Bank, Philadelphia, Pa.
EDWARD TYLER, Cashier, Suffolk National Bank, Boston, Mass.
J. W. LOCKWOOD, Cashier, National Bank of Virginia, Richmond.
Hon. CHARLES B. HALL, President, Boston National Bank, Boston, Mass.
HENRY MARTIN, President, Manufacturers and Traders' Bank, Buffalo, New York.
WILLIAM G. DESHLER, President, National Exchange Bank, Columbus, Ohio.
EDWARD B. JUDSON, President, First National Bank, Syracuse, N. Y.
WILLIAM P. HALLIDAY, President, City National Bank, Cairo, Ill.
WILLIAM E. GOULD, Cashier, First National Bank, Portland, Maine.
CHARLES PARSONS, President, State Savings Association, St. Louis, Mo.
HOEL H. CAMP, Cashier, First National Bank, Milwaukee, Wisconsin.
WILLIAM H. RHAWN, President, National Bank of the Republic, Philadelphia, Pa.
R. H. THURMAN, Cashier, First National Bank, Troy, N. Y.
LOGAN C. MURRAY, Cashier, The United States National Bank, New York City.
A. D. LYNCH, President, First National Bank, Indianapolis, Ind.
AUGUSTUS H. MOSS, President, First National Bank, Sandusky, Ohio.
J. H. MILLARD, Cashier, Omaha National Bank, Omaha, Nebraska.
R. M. NELSON, President, Commercial Bank, Selma, Alabama.
J. H. LINDENBERGER, President, Merchants' National Bank, Louisville, Ky.

An important paper on "Finance and Taxation," by the Hon. A. H. Buckner, of Missouri, was then read by the Secretary. It was moved and seconded that the paper be referred to the Executive Council, and that the thanks of the convention be tendered to Mr. Buckner. Unanimously adopted.

The Chairman then presented a paper from Mr. Lloyd Tevis, President of the Wells, Fargo & Co.'s bank, San Francisco. A vote of thanks was unanimously adopted to Mr. Tevis for his address, and it was referred to the Executive Council for publication.

The amendments to the constitution were then read, for protecting banks and bankers from forgery of documents, etc. They were supported by a paper from D. H. Thomas, of Baltimore, and after some discussion were unanimously adopted.

The most important of these amendments are as follows:

ARTICLE IV.

SEC. 1. The Executive Council shall appoint a *Standing Protective Committee* of *three* persons, whose names shall not be made public. The said committee shall control all action looking to the detection, prosecution, and punishment of persons attempting to cause, or causing loss by crime to any member of the association.

SEC. 2. The said committee, when called upon for aid by any member of the association, through the Secretary, shall forthwith take such steps as it shall deem proper to arrest and prosecute the party charged with crime.

SEC. 3. The said committee is prohibited from compromising or compounding with parties charged with crime, or with their agents or attorneys.

SEC. 4. All detective and legal expenses and costs shall be paid by the association out of any moneys in the treasury not otherwise appropriated, subject, however, to the approval of a quorum of the Executive Council.

SEC. 5. All members of the association, when called upon by the Secretary in behalf of the Protective Committee for information or aid, shall promptly respond by giving all assistance in their power, and all members shall at all times notify the Secretary, who shall promptly notify the committee of any attempted or accomplished crime likely to affect other members of the association.

Mr. Parker, of Boston, moved that the subject of taxation be the first subject in the order of business to-morrow. The motion was seconded and adopted.

Mr. Geo. S. Coe, the newly-elected President of the Association, was introduced by the Chairman and conducted to the chair. He presided during the remainder of the session.

A communication from Julian T. Davies, on the subject of "Taxation," was then presented, and referred to the Executive Council to be published.

Much interest was exhibited in the next paper, which was on the Clearing House business of New York, Boston and Philadelphia, from William A. Camp, Manager of the New York Clearing House. It was accompanied by several charts, showing the fluctuations during the panic of 1873, and for several years before and since. It was read and referred to the Executive Council. Several papers were then presented and read by Mr. E. D. Randolph, the Secretary. Among them were a communication from the Bank of California, on "Our Future Currency;" a report on "California Banking," by Mr. Benjamin Wright, of San Francisco; an address from R. H. Palgrave, on "British Banking;" and a communication from Mr. F. Marion Crawford. All these and the other papers were referred to the Executive Council

Some discussion ensued as to the number of copies of the proceedings that should be printed; and it was understood that they should be ample, and that the pamphlet should be widely distributed.

On motion, the Convention adjourned until Friday, August 12th, at eleven o'clock.

THIRD DAY, FRIDAY, AUG. 12, 1881.—FOURTH SESSION.

The Convention was called to order by the President, Mr. George S. Coe, and was opened with prayer. The Executive Council reported that they had organized and had appointed the following officers: *President*—George S. Coe, President American Exchange National Bank, New York; *Chairman Executive Council*—J. D. Vermilye, President Merchants' National Bank, New York; *Treasurer*—George F. Baker, President First National Bank, New York; *General Secretary*—Edmund D. Randolph, President Continental National Bank, New York; *Corresponding Secretary*—George Marsland, Editor, 247 Broadway, New York.

The discussion on taxation was resumed by the Hon. E. A. Sowles, of Vermont, who read a paper on "Taxation and Panics," and a paper was presented from the Hon. Chester Guild, of Boston, after which a brief discussion of the subject of tax repeal took place. The following paper was then read by Dr. Simonds, President of the First National Bank of Charleston, S. C., on the "Industrial Resources and Material Progress of the South-Atlantic Cotton States:"

ADDRESS OF DR. ANDREW SIMONDS, OF SOUTH CAROLINA.

Mr. President and Gentlemen of the Convention:

This paper, prepared hurriedly while on a sick bed, is intended to call attention to the rapid progress which is developing in the South-Atlantic Cotton States, as illustrated more especially in South Carolina, in industries outside of agriculture, which, previous to 1870, was almost entirely relied upon for the support of our people.

For my statistical information I am largely indebted to *The News and Courier*, in itself an apt illustration of this rapid progress, for in a few years it has risen to the first rank in journalism, and throughout this great country

of ours is known to be a fair and honest exponent of Southern character and Southern nationality, flying, as it does, the stars and bars of the Union, the symbol of a great and re-united commonwealth of States.

The war probably left no State, as a whole, in so deplorable and prostrate a condition as South Carolina. But the discovery in 1867, or rather the practical application of the discovery, by Prof. F S. Holmes, a distinguished naturalist and scientist, of the phosphate deposits under the land and under the waters of the seacoast of South Carolina, was the gleam of hope to an almost hopeless people, the ray of light which has slowly but surely opened to our astonished view the mine of wealth which has lain hid for ages under our feet. Another evidence of the providence of the Creator in providing for our wants, in storing away these provisions, and in revealing them to us at his own good time—at the time of our sorest need—at the time when the track of "grim-visaged war" was marked from seaboard to mountain in characters of "fire and blood."

The first shipments of crude rock were made in 1867—six tons to domestic ports, which has increased year after year, the shipments to both foreign and domestic ports reaching, in 1881, near 300,000 tons crude rock, marketed by both the land and water companies. Of the former there are about a dozen companies in successful operation. The phosphatic modular stratum varies in thickness from three or four inches to three feet, which latter is very rare, the average being eight to twelve inches, and when of greater depth, is usually only a local accumulation. The yield of a clean dry rock per acre varies, say, from 300 to 1,200 tons, averaging about 800 tons to the acre. There has been a wide range in price, say, from $4 to $8 a ton, at which latter figure the rock is now taken as fast as ready for shipment, and some of the companies are said to have their entire products engaged for twelve months ahead.

The analysis of the rock shows about sixty per cent. phosphate of lime.

There are six marine phosphate companies, besides about a dozen parties working under individual rights. The largest of these marine companies is "The Coosaw," which has exclusive rights in a part of the Coosaw River. An idea of the value of the deposits in the bed of this river may be formed from the fact that the shares of this company of the par value of $100 have been sold at $1,000 each. In addition to the business of mining and exporting the crude rock, the manufacture of the raw material into commercial fertilizers has increased with a wonderful rapidtty.

There are now thirteen manufactories of these fertilizers in the City of Charleston, and new works are being erected every year. The shipments of manufactured fertilizers in 1867, by railroads and steamers, amounted to about 12,000 tons, all of which were manufactured elsewhere; while the shipments in 1881 were 100,000 tons, nine-tenths of which were manipulated by the Charleston factories, from the crude rocks mined within a few miles of their works.

To form an idea of the value of this business, the shares of the companies, which a few years ago were offered at 40@70, will now sell for 175@200.

And the distribution of these fertilizers through the South-Atlantic cotton belt is telling wonderfully on the increased production of cotton on the old and worn lands of these States, as compared with the rich alluvial soils of the West. While the production of cotton has nearly doubled in the last decade, the increase far outstripping the increase of population, the greater specific increase being in the Atlantic cotton States, which have first felt the influence of the phosphates, where the product per acre has almost reached that of Mississippi and Texas. And, as time rolls on, the natural fertility of the soil of the Western cotton States will be more and more exhausted, while the Atlantic States, under the increased use of fertilizers, and consequently better tillage, will probably become the largest producer of the staple per acre. And this cotton belt of the Atlantic States runs through generally a healthy country, and also a salubrious climate, where an industrial population from any part of the globe can live and enjoy as good health as is accorded to man in other agricultural sections, and where they can raise, in addition to cotton, the cereals, roots and fruits, not to mention the mineral resources of this belt--great coal fields, iron beds and gold mines, as well as a vast extent of forests of rare and valuable woods, inviting the axe of the pioneer. The development of

cotton manufactures in these States in the last decade is another evidence of industrial progress.

In 1880 there were in South Carolina alone about 1,800 looms and about 93,000 spindles, as against 700 looms and 33,000 spindles in 1870; and it is only now, in 1881, that the people are really turning their attention to this branch of industry, there being now quite a number of new factories building and projected, realizing at last what has been repeatedly urged by sagacious writers. that the looms should be brought to the cotton, rather than the cotton should be carried to the looms; and great encouragement has been given by our State Legislatures to the establishment of cotton and other manufactures, by exempting them (and the capital invested in them) from State, county, and municipal taxation for a term of years.

The South, unquestionably, enjoys great advantages and has made encouraging progress during the recent years in the manufacture of cotton into cloth and yarns of superior quality.

Wherever a factory has been erected and the manufacture of cotton goods has been undertaken, with improved machinery and under the direction of experienced operatives, it has paid the owners handsomely and given a fresh impulse to industrial activity generally. Southern spinners have some decided advantages over their Northern competitors. They get the raw material from or very near the producer, and, therefore, at lower cost. The cotton is cleaner, and, therefore, there is less waste. The operatives live more cheaply than in the North, and are satisfied, therefore, with less wages. The hours of labor are longer; and, lastly, a part of the products can be sold directly from the mill, and, therefore, at a saving in the cost of transportation.

But the most gratifying feature connected with the establishment of factories in the South is, that the great bulk of the capital invested has been furnished by Southern people.

Southern capitalists are putting their shoulders to the wheel; diversified industries are taking the place of the exclusive cultivation of cotton, and Southern money and Southern muscle are moving in new directions. More than three-fourths of the capital invested in manufacturing since the war has been subscribed by our own people, and new enterprises are opening up the way to a grand and brilliant future. The Southern investments encourage Northern capital to come into the same field, and the rate of progress is far more rapid than if it depended on either Southern savings or Northern capital alone.

And now we cordially invite Northern and Western capitalists to join us in the development of these heretofore neglected industrial resources. We invite them to new and untrodden fields, in which the pioneers will reap the harvests.

A vote of thanks was offered to Dr. Simonds; and a paper on the growth and material development of Texas was then read by the Hon. M. Kopperl, of Texas.

A cordial vote of thanks to the retiring president, the Hon. Alexander Mitchell, was then unanimously passed. Mr. Camp's resolution was next presented favoring the issue of gold notes. It was amended so that the minimum amount was $100 instead of $20. As amended it was unanimously passed. A vote of thanks to the Committee of Arrangements was passed, and several other resolutions were adopted. The Chairman then announced that the next subject on the programme was Canadian Banking, upon which Mr. Hague, of Montreal, had been specially invited to address the Convention.

Mr. George Hague, General Manager of the Bank of Canada, at Montreal, then read a paper on "Banking in Canada," and several other documents on Canadian banking were presented.

Mr. J. S. Norris, President of the First National Bank of Baltimore, presented a paper on the question, "Whether a National bank can acquire title to a promissory note purchased?"

A communication was then presented from the Hon. George Walker, American Consul at Paris, on French finance. Also, several documents from Mr. Maillard, agent of the Crédit Lyonnais, of New York, on French finance.

Mr. Powell, of Michigan, then read a paper on "Banking in Michigan."

A number of other documents and reports were then presented and referred to the Executive Council, after which the Convention adjourned *sine die*.

LEGAL MISCELLANY.

[COMPILED FROM THE ALBANY LAW JOURNAL.]

NATIONAL BANK—REMEDY OF STOCKHOLDERS AGAINST DIRECTORS FOR LOSS—JURISDICTION.—The stockholders of an insolvent National Bank, the funds of which have been misappropriated by its cashier, such misappropriation being resultant from the negligence of the directors, can, in case the bank or its receiver refuse to bring such an action, bring an action against the directors to recover the loss suffered, and the bank or receiver be made a defendant. In such action the Federal courts would not have exclusive jurisdiction. The fact that the suit relates to the affairs of a National bank does not deprive the State courts of jurisdiction. *Bank of Bethel* v. *Pahquioque Bank*, 14 Wall. 383; *Cooke* v. *State Bank*, 52 N. Y. 96; *Brinckerhoff* v. *Bostwick*, 23 Hun. 237. New York Supreme Court, Special Term (1st dept.) April 18, 1881. *Nelson* v. *Burrows*. Opinion by VAN VORST, J.

JURISDICTION—OF STATE COURT AS TO NATIONAL BANKS FOR PURPOSES OF TAXATION—INJUNCTION.—A National bank may be compelled to disclose the names of its depositors, and the amount of their deposits, under the compulsory process of a State court, in order to ascertain whether any money deposited therein, subject to taxation within the county, has not been duly returned for that purpose by the owners. A Federal court cannot, in such case, stay the proceedings in the State court by writ of injunction. U. S. Circ. Ct., N. D. Ohio, April, 1881. *First National Bank of Youngstown* v. *Hughes*. Opinion by BAXTER, C. J.

BANKS—MAY RECOVER ON LOAN MADE ULTRA VIRES.—A statute prohibiting Savings banks from loaning money on the security of names alone, is directory to the trustees, and designed for the protection of the depositors, and will not prevent a bank from enforcing payment of a promissory note, whether the purchase was or was not in conformity with its provisions. The statute was designed for the benefit and security of depositors, and it is not to be so construed as to defeat its own purpose, and enable the makers of negotiable paper to set up defences to which they would not be otherwise entitled. *Roberts* v. *Lane*, 64 Me. 108; *National Pemberton Bank* v. *Porter*, 125 Mass. 333. Maine Supreme Jud. Ct., Feb. 1880. *Farmington Savings Bank* v. *Fall*. Opinion by BARROWS, J., 72 Me. 49.

NEGOTIABLE INSTRUMENT—PAYMENT—EFFECT OF STRANGER TAKING UP NOTE.—If one not a party to nor liable upon a note takes it up with his own money, the transaction will be deemed a purchase, and not a payment, if such was the intention of the parties; and this is the rule, whatever may have been the mode adopted of accomplishing the result. In this case one H, who had assumed to pay certain notes secured by a deed of trust on real estate, in order to prevent a foreclosure, procured a bank to take up the notes. The arrangement was that the bank should take the note of one B with the real estate notes as collateral security. B accordingly executed his note and sent it to the bank. The holder of the real estate notes also sent them to the bank accompanied by a draft on H for the amount due upon them. The bank paid the amount, and took the notes. *Held*, that the transaction amounted to a purchase and not to a payment. Citing *Harbeck* v. *Vanderbilt*, 20 N. Y. 398; *White* v. *Knapp*, 8 Paige, 175; Missouri Supreme Court. *Swope* v. *Leffingwell*. Opinion by HENRY, J. To appear in 72 Mo.

———SURETY—ONE NOT PAYEE, INDORSING.—A person who signs a note as "surety" is to be regarded as a joint promisor. *Hughes* v. *Littlefield*, 18 Me. 400. If not being the payee, before the note is transferred to the payee he signs his name on the back of the note, he is regarded as an original promisor. *Woodman* v. *Boothby*, 66 Me. 389. Maine Supreme Judicial Court, Dec. 29, 1880. *Rice* v. *Cook*. Opinion by APPLETON, C. J. 71 Me. 559.

In *Guelick* v. *National State Bank of Burlington*, Iowa Supreme Court, June 18, 1881, 9 N. W. Rep. 328, a foreign bill of exchange, payable in New York, was deposited with defendant, a National bank at Burlington, Iowa, for collection. In the usual course of business, it was sent to the correspondent of the bank in New York. Proper protest and demand for payment was not made by the New York bank, and by reason thereof the drawers and indorsers were discharged. The regular course of business, in such cases, was for the bank receiving the paper to forward it to its correspondent at the place of payment for collection, which course of business was well known to the owner of the paper. *Held*, that the bank in New York was a sub-agent employed by consent of the principal, and that the superior agent, the bank in Burlington, was not responsible for its acts, but the remedy of the owner of the paper was directly against the New York bank. The court said: "But there is conflict in the adjudged cases upon the question of the direct liability of the bank, employed as a sub-agent, to the holder of the paper, for negligence or default in its collection. The preponderance of the authorities strongly supports the conclusion we have just reached in this case. The following cases are to this effect: *Dorchester and Milton Bank* v. *New England Bank*, 1 Cush. 177; *Fabens* v. *Mercantile Bank*, 23 Pick. 330; *Laurence* v. *Stonington Bank*, 6 Conn. 521; *East Haddam Bank* v. *Scovil*, 12 id. 303; *Hyde* v. *Planters' Bank*, 17 La. 560; *Baldwin* v. *Bank of Louisiana*, 1 La Ann. 13; *Ætna Ins. Co.* v. *Alton City Bank*, 25 Ill. 243; *Stacy* v. *Dane Co. Bank*, 12 Wis. 629; *Fierman* v. *Commercial Bank*, 7 How. (Miss.) 648; *Agricultural Bank* v. *Commercial Bank*, 7 Sm. & M. 592; *Bowling* v. *Arthur*, 34 Miss. 41; *Jackson* v. *Union Bank*, 6 Harr. & J. 146; *Citizens' Bank* v. *Howell*, 8 Md. 530; *Bank of Washington v. Triplett*, 1 Pet. 25; *Mechanics' Bank* v. *Earp*, 4 Rawle, 384; *Bellemire* v. *U. S. Bank*, 1 Miles, 173; S. C., 4 Whart. 105; *Daly* v. *Butchers & Drovers' Bank*, 56 Mo. 94; *Smedes* v. *Bank of Utica*, 20 Johns. 373. The following cases hold that the bank to whom a bill or note is sent for collection by another bank is not the agent of the owner of the paper: *Allen* v. *Merchants' Bank*, 22 Wend. 215; *Downer* v. *Madison Co. Bank*, 6 Hill 648; *Montgomery Co. Bank* v. *Albany City Bank*, 3 Seld. 459; *Commercial Bank* v. *Union Bank*, 1 Kern. 203; S. C., 19 Barb. 391; *Ayrault* v. *Pacific Bank*, 47 N. Y. 570; S. C., 7 Am. Rep. 489; *Indig* v. *Nat'l City Bank*, 16 Hun. 200; S. C., 80 N. Y. 100; *Reeves* v. *State Bank of Ohio*, 8 Ohio St. 465." The Court distinguished *Bradstreet* v. *Everson*, 72 Penn. St. 124; S. C., 13 Am. Rep. 665; *Lewis* v. *Peck*, 10 Ala. 142; and *Pollard* v. *Rowland*, 2 Blackf. 22 *Bank of Louisville* v. *First National Bank of Knoxville*, 8 Baxt. 101, is in harmony with the principal case.

In *First National Bank of Peterborough* v. *Childs*, Massachusetts Supreme Court, April, 1881, 4 Mass. L. Rep., July 20, 1881, it was held that usurious interest paid to a National bank on a loan may be set off or recouped in a suit by the bank on the note. The Court said: "The taking of excessive or usurious interest made the note imperative as to all the interest which it carries by its terms, by virtue of a law in force throughout the United States. The forfeiture of interest may be availed of in an action on the note, by way of defence. *Farmers and Mechanics' Bank* v. *Dearing*, S. C., 91 U. S. 29, S. C., Thomp. N. B. Cas. 117. In the case cited, the suit was in the State where the usurious interest was taken. But there is no reason for holding that, when the suit is in another State, the same defence is not open. There is nothing in *Burnet* v. *National Bank*, 98 U. S. 555; S. C., Browne's Nat. Bk. Cas. 18, which is inconsistent with the doctrine in the case last above cited. The forfeiture of the interest can be availed of in an action in the State court as well as in the United States court. We are of opinion that, as the reserving or taking of unlawful interest avoids the note, so far as interest is concerned, the defence is open to the defendant in any action brought to recover the amount of the note, though it be more than two years after the unlawful taking of interest. The statute does not fix a limit of two years within which such defence must be availed of. It limits the time within which an action may be maintained to recover twice the amount of unlawful interest paid to two years. But that is an entirely different matter from the defence of usury in an action

on the note." It is true that in the first case above cited the bank was allowed "to recover the principal of the note sued upon, less the amount of the interest unlawfully reserved." But in the latter case, without expressly overruling the former, it was distinctly held that neither the usurious interest paid could be set off, nor could twice the amount thereof be recovered by way of counter claim. The Court said: "The remedy given by the statute for the wrong is a penal suit. To that the party aggrieved must resort. He can have redress in no other form or mode of procedure." The latter doctrine has been accepted on the authority of the latter case by the Pennsylvania Supreme Court, in *First Nat. Bk. of Clarion* v. *Gruber*, 87 Penn. St. 465; S C., Browne's Nat. Bk. Cas. 395; and by the New York Court of Appeals, upon reargument in *Nat. Bk. of Auburn* v. *Lewis*, 81 N. Y. 15, modifying the rule as laid down by that Court in the same case, 75 N. Y. 516; S. C., 31 Am. Rep. 484; Browne's Nat. Bk. Cas. 305, in accordance with the decision in the *Barnet* case. In the *Lewis* case the Court said: "In accordance with a well-settled principle, we must follow and stand by its decision upon the main question determined, that in an action brought to recover the amount of a promissory note discounted by a National bank, it cannot be set up by way of counter claim or set-off that the bank in discounting a series of notes, the proceeds of which were used to pay other notes, knowingly took and was paid a greater rate of interest than that allowed by law, and that the remedy in such a case is an action of debt to recover back twice the amount paid." It would seem therefore that the principal decision is erroneous. In *Moniteau Nat. Bk.* v. *Miller*, Missouri Supreme Court, April, 1881, 11 Rep. 847, it was held, in conformity also to the *Barnet* case, that where the usurious interest has been stipulated for, but not paid, the bank can recover only the sum lent.

BAILMENT—PLEDGE OF NEGOTIABLE PAPER—RIGHTS OF PLEDGEE.—The pledgee of commercial paper, in the absence of any power of sale by contract, cannot sell such paper, but it is his duty to collect the same, and apply enough of the proceeds to pay his debt, and return the balance to the pledgor. If the pledgee of a promissory note, under a power of sale conferred on him, makes a *bona fide* sale to one capable of buying, the sale will pass the title to the note beyond the pledgor's reach, although it is sold for less than there is due upon the same. Where the maker of a note pledged for a debt by the payee negotiates with the pledgee for its purchase at the amount due the latter, which is much less than the face of the note, and the maker is informed of the time of the sale, while the pledgor is not, and the maker becomes the purchaser at a formal public sale, and receives the note, this will not be regarded such a sale as the law requires, but rather as a compromise between the pledgee and the maker of the note. The pledgee of a note has the right to collect the same of the maker, but not to compromise with him, and take less than is due on the note. There may be cases where the debt is not well secured that the pledgee may take less than is due, and surrender the note, but he cannot do this where the debt is well secured. See *Union Trust Co.* v. *Rigdon*, 93 Ill. 458; Illinois Sup. Court, May 14, 1881. *Zimpleman* v. *Veeder*. Opinion by CRAIG, J. (98 Ill. 613.)

NATIONAL BANK—USURY BY—RENEWAL NOTES—Interest in excess of the legal rate, received by a National bank, although taken in the renewal of a series of notes, cannot be applied by way of set-off or payment in a suit upon the last of the series. In such case, however, the bank cannot recover the illegal interest, although such interest has been finally incorporated in notes bearing legal rates. Neither can the bank recover any interest upon such renewal notes from the date the interest has been reduced to the legal rate. *Barnett* v. *National Bank*, 98 U. S. 555; *Peter* v. *Beverly*, 10 Pet. 533; *The Kimball*, 3 Wall. 37; *Walker* v. *Bank of Washington*, 3 How. 62; *Campbell* v. *Sloan*, 62 Penn. St. 481; *First National Bank of Uniontown* v. *Stauffer*, 1 Fed. Rep. 188. U. S. Circ. Court, W. D. Pennsylvania, May 10, 1881. *Farmers and Mechanics' Bank of Mercer* v. *Hoagland*. Opinion by ACHESON, D. J. (7 Fed. Rep. 161.)

NEGOTIABLE INSTRUMENT—FRAUD AS A DEFENCE—ORDER OF EVIDENCE.—When the maker of a negotiable note proves that the instrument had its origin in fraud, or was fraudulently put in circulation, it is incumbent upon the holder, before he can recover, to prove that he received it *bona fide*, before maturity and for value. The proper order of proof in such cases is for the plaintiff, after defendant has offered his evidence of fraud, to meet it by evidence of *bona fides* on his part He is not required, however, to prove that he had no knowledge of the specific facts which impeach its original validity; but may make general proof that he received it before due, *bona fide* and for value. It will then be for defendent to prove that plaintiff had actual notice of the specific facts; and if he fails in this plaintiff must recover. Citing *Hamilton* v. *Marks*, 63 Mo. 167; *Daniel on Neg. Instr.*, §§ 815, 819. Missouri Sup. Court. *Johnson* v. *McMurray*. Opinion by HOUGH, J. (To appear in 72 Mo. Rep.)

THE CANADIAN BANKING SYSTEM.

Subjoined is a comparative table of the reports of the banks of Ontario and Quebec for the last two months:

	May 31, 1881.		*June* 30, 1881.
Paid-up capital	$ 52,891,045	..	$ 52,899,012
Note circulation	22,630,758	..	23,108,362
Public deposits	73,525,608	..	77,078,205
Government deposits	9,273,724	..	9,459,909
Due other banks	3,093,233	..	4,032,254
Other liabilities	490,423	..	248,993
Total liabilities	109,013,751	..	113,927,834
Specie on hand	4,966,385	..	5,424,291
Dominion notes	10,074,838	..	10,018,665
Notes and cheques on other banks	4,306,525	..	6,063,137
Due from other banks	27,518,615	..	28,039,429
Government debt and public securities	3,228,403	..	3,527,925
Other current loans	114,687,508	..	115,964,474
All other assets	10,278,719	..	10,805,233
Total assets	$ 175,057,995	..	$ 179,842,768

On these figures the *Canadian Spectator* remarks that "the most striking feature in these returns is the continued expansion in the public deposits. The increase was more than three and a-half million dollars in the month of June, a striking commentary on the 'scarce money' cry that was so largely used during that month to depress bank stocks. The amount of the public's money in the hands of the banks was $ 77,078,205, exclusive of Government deposits, a sum seven millions and a quarter in excess of the amount of twelve months ago, which was also in excess of that the previous June (1879), by more than eleven millions of dollars; being an increase of eighteen and a-half millions of dollars in two years, an amount nearly equal to the sum total of all the bank deposits in the year 1863. These figures point to another reduction in the rate of interest on money at no distant day. The loans to the public continue steadily to advance. These are now $ 116,000,000 in round figures as against $ 94,000,000 a year ago; a fact that, while it suggests caution, speaks volumes as to the increased activity in business. Other changes are unimportant. All eyes are anxiously turned upon the condition of the growing crops. Indications so far are favorable. Two or three weeks of bright, sunshiny weather would probably secure us a fair average yield, while

the late rains have done much to increase the produce of our dairies, especially the cheese crop."

Our cotemporary adds very judiciously that "the condition of the banks and its bearing upon the question of trade and the prosperity of the country are matters of the very highest importance not only to the proprietors of the banks, but to the general public. By a careful scrutiny of the changes that take place from month to month, and from year to year the thoughtful merchant and investor are enabled to adjust their operations more in accordance with the general tendencies of trade than they could possibly do without the knowledge that the published returns afford. The value of these returns is, therefore, very great. This will be understood more perfectly by supposing that the information were not made public. If none but those connected with the banks were possessed of the information as to the condition of the deposit, circulation, and loan accounts, it can readily be conceived that with that knowledge exclusively their own, they could manipulate matters at their own pleasure, to their own profit, and to the detriment of all outside of the charmed circle. Happily, however, the information is free to all, and many of the banks go even further than the requirements of the law and publish in the daily papers in advance of the official *Gazette* the general result of their business from month to month. The practice is an admirable one—not only do the banks adopting it invite constant criticism, but they often give to the public earlier information on subjects of the most vital importance to every member of the business community as well as to their own shareholders."

Several statistical and historical papers on Canadian banking were presented at the Niagara Falls Convention. Those of Mr. George Hague, Mr. John Gault and Mr. C. H. Sorley were very suggestive and attracted considerable notice. In the last-named paper we find the following interesting sketch of the progress of the banking system of the Dominion since 1863:

"The system of banking pursued in Canada is more nearly allied to that of Scotland than to that of any other country. All the banks, properly so called, are 'Banks of Issue,' and nearly all have a large number of branches or agencies in addition to the parent or head office, both head offices and branches transacting all the different kinds of banking business. They discount commercial paper, make advances on grain and other agricultural produce, on lumber and on other merchandise, buy and sell foreign exchange, issue notes and receive deposits. They give no security to the Government or otherwise for their bank-note issues, but these are a first lien on their assets, and the only legal limit to their powers of issue is the somewhat arbitrary, but still convenient one, that it shall not exceed the amount of the paid-up capital. Leaving out of account the Savings banks, private banks and trust companies, which are, however, numerous and wealthy, this paper will concern itself exclusively with the joint-stock banks, devoting themselves to the functions of general banking, and, for convenience, to those only which have their head offices in the Provinces of Ontario and Quebec, which form a large majority of the whole number. There are at present twenty-four such banks, with about two hundred and seventy agencies, having an aggregate paid-up capital of $52,891,000, or, an average of $2,204,000 to each. The smallest being La Banque de St. Jean, of St. Hyacinthe, in the Province of Quebec, with a capital of $224,820, and the largest, the Bank of Montreal, of Montreal, in the same Province, with a capital of $12,000,000. The Bank of Montreal is one of the largest banking establishments in the world, having, in addition to its capital, a surplus of $5,000,000. The banks having their head offices in the Provinces of the Dominion, other than Ontario and Quebec, number about fifteen, with an aggregate capital of some $6,500,000.

"Banking is not entirely free. The banks are required to make elaborate returns to Government, to keep forty per cent. of their cash reserve in Government legal-tender notes, and the shareholders of nearly all are liable for the debts of the bank to the extent of twice the amount of their paid-up capital. The returns to Government have been at each renewal of the bank charters, made more stringent, with the intention on the part of the Government to add to the safety of banking. How far this has contributed to that result is

not very evident. Prior to the year 1855, returns were not furnished to the Government, and no failures of consequence took place. After 1855, returns were required, and before 1871 three extensive failures occurred—two of old established banks, and one of a younger institution, besides three or four short-lived banks which had sprung up under the laws then existing. By an Act passed in 1871, a radical change was made, elaborate returns to Government of the condition of the banks were required, which, it was confidently expected by a sanguine legislature, would establish banking on an impregnable basis. Under the operation of this law, new banks were established, and old established banks increased their capital. The capital paid up on the 31st of December, 1870, just before the new act came into effect, was $30,500,000, and by the close of the year 1876, that amount had been increased to $62,090,693, an increase of more than one hundred per cent in six years. But no less than six large banks, nearly one-fourth of the whole number, with their branches and agencies, failed during the eight years following the passing of the Act of 1871, and nearly nine millions of banking capital, about one-seventh of the whole amount, were wiped out of existence in the four years succeeding 1876, under the operation of the same Act. But it must not be supposed, although the record seems so disastrous, that the public lost by these failures. The losses to the public were infinitesimal. Outside of the failure of the Bank of Upper Canada, and the few short-lived concerns before alluded to, whose capital was small, and whose operations were unimportant, the losses to the public by Canadian banking have been practically *nil*, the sufferers having been the shareholders of the banks. In this way banking has been made safe, the losses having been transferred from commerce to the proprietors of the banks themselves, many of them aged persons, widows, minors and wards, who have had to bear the burden. Whether the safety of banking has not been dearly purchased at such a cost, is for philosophers to determine.

"The progress of banking in Canada, in other respects, has been eminently satisfactory. The bank-note circulation has almost uninterruptedly increased. I append a statement since 1863. From 1863 to 1870 the circulation was interfered with by the presence of large quantities of American silver, which had been driven out of the United States by the suspension of specie payments. It is estimated that not less than $12,000,000 of that money were in circulation at one time in Canada. Notwithstanding this, the bank note circulation increased from $9,780,343, in 1863, to $11,253,929, in 1866, the year which witnessed the abrogation of our last reciprocity treaty with the United States. In the following year the Canadian Government commenced the issue of legal tenders, and the bank-note circulation fell to $9,078,000. In 1870, however, the Government took active measures to expel the American silver, and were so successful that in that year the bank-note circulation reached, on 31st December, $17,829,414—an increase of one hundred per cent. on the previous year. From this point it continued to increase until the close of 1874, when it stood at $25,412,321. Then began 'the winter of our discontent.' The circulation steadily dropped from this point, with minor fluctuations, to $14,836,589 in July, 1879, its lowest point since 1870. Then it commenced to recover, and in November, 1880, it again reached $25,000,000 (a surprising recovery in sixteen months), closing the year 1880 at $24,500,000, and standing, on the 31st May of the current year, at $22,630,758—a figure beyond what it has ever reached in the same month in any previous year. Our bank-note currency is perhaps the most useful part of our banking system. It is eminently elastic, and thoroughly suited to the wants of a community, one of whose largest interests is its agriculture. By it the means for moving the crops are—even in the most depressed times—always automatically, and therefore cheaply, supplied, without interfering with other interests or raising the rate of interest. The circulation usually reaches its highest point just after harvest, the difference between the highest and lowest points in the year being, on the average, $6,000,000—a variation of about one-third of the minimum, and one-fourth of the maximum, amount—and the loans to the public are invariably expanded and contracted in sympathy with the expansion and contraction of the circulation."

AMOUNT OF THE PAID-UP CAPITAL, NOTE CIRCULATION, DEPOSITS AND LOANS OF THE BANKS HAVING THEIR HEAD OFFICES IN THE PROVINCES OF ONTARIO AND QUEBEC.

Year.		*Paid-up capital.*	*Note circulation.*	*Deposits. Public.*	*Loans to the public, current.*
1863..	Average for the year.	$25,824,909	$9,783,343	$21,209,697	$43,306,113
1864..	" " "	25,934,225	9,376,124	23,687,017	45,746,725
1865..	" " "	26,849,774	8,925,137	26,051,133	44,152,063
1866..	" " "	27,384,654	11,253,929	27,695,354	44,392,000
1867..	" " "	27,709,847	*9,078,000	28,953,392	49,636,046
1868..	" " "	27,223,262	8,525,152	31,608,877	48,809,679
1869..	" " "	28,217,264	8,800,235	38,002,232	53,348,937
1870..	On 31st December...	30,500,430	†17,829,414	50,212,200	63,344,917
1871..	" " ...	38,542,026	22,919,342	47,393,331	80,391,443
1872..	" " ...	47,282,760	24,930,382	49,363,820	101,334,035
1873..	" " ...	53,191,924	25,715,542	52,589,270	116,699,734
1874..	" " ...	58,458,622	25,412,321	63,588,772	132,103,467
1875..	" " ...	61,270,220	20,831,009	64,575,049	‡133,186,112
1876..	" " ...	62,092,693	20,735,756	59,267,865	125,836,187
1877..	" " ...	58,725,778	19,574,452	57,636,283	123,821,022
1878..	" " ...	58,098,996	19,186,300	60,023,032	117,395,915
1879..	" " ...	54,036,740	19,891,211	62,395,323	109,971,211
1880..	" " ...	53,338,428	24,539,158	72,526,272	§ 99,411,814
1881.	On 31st May.........	52,891,046	22,630,758	73,525,608	115,964,474

* In 1867 the Government commenced to issue paper money in competition with the banks.

† During this year the Government exported the bulk of the American silver in circulation; hence the stimulus to banking.

‡ The highest point touched by the loans during this year was $142,712,435.

§ And the lowest point was in May, 1880, when loans had been reduced to $93,946,692.

NEW LAW OF THE STATE OF NEW YORK.

The following new law was enacted in order to place Mutual Benefit Societies on a firm basis. It is of especial interest as regards Bank Clerks' Mutual Benefit Associations, and its passage has been partly effected by the persistent efforts of Mr. J. C. Parsons, of the Chemical National Bank, and others:

AN ACT CONCERNING CHARITABLE, BENEVOLENT AND BENEFICIARY ASSOCIATIONS, SOCIETIES AND CORPORATIONS.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

SECTION 1. All associations and societies, whether voluntary or incorporated under the laws of this State, or of any other State or Territory of the United States or the District of Columbia, doing business in this State, which heretofore have or hereafter may issue any certificate to, or have made or may make any promise or agreement with their members whereby upon the decease, or sickness, or other physical disability of a member, any money or other benefit, charity, relief or aid is to be paid, provided or rendered to such member, or to others dependent upon him, or beneficiary designated by him, which money, benefit, charity, relief or aid are derived from voluntary donations or from admission fees, dues and assessments collected or to be collected from the members thereof and interest and accretions thereon, and which funds and the business operations of which associations or incorporations are limited to such benevolent or charitable uses, shall be subjected only to the provisions of this act as hereinafter specified.

SECTION 2. Every such association or society shall, on or before the first day of March of each year, make and file with the superintendent of the insurance department of this State, a report of their operations during the year ending on the thirty-first day of December, immediately preceding, which shall include the number of members then existing, the number who have become

members during such year, the number whose membership has terminated from any cause, and the cause thereof, the total receipts and sources thereof, the total expenditures and objects thereof. Such reports shall be upon blank forms to be provided by such superintendent, and shall be verified under oath by the duly authorized officers of such associations, and shall be published, or the substance thereof, in his annual report by such superintendent, who shall be entitled to receive therefor, from each of such associations at the time of filing their annual report, a sum equal to one dollar for each one hundred members or fraction thereof, not exceeding the sum of twenty-five dollars from any association. And no other charge shall be made or fee collected from such associations or societies by such department for any purpose whatsoever, nor shall any deposit of securities with the superintendent be required from such associations or societies. Any association or society refusing or neglecting to make such report and payment may, upon the suit of any citizen of this State, be enjoined by the Supreme Court from carrying on any business until such report and payment shall be made, and until the costs of such action be paid.

SECTION 3. Every such association or society now doing business within this State shall, on or before the first day of July, in the year eighteen hundred and eighty-one, and every such association hereafter commencing business within this State shall, before doing business therein, designate some place within this State as the principal office in this State of such association, and some person residing in the same city, village or town where such office is located, as a person upon whom service of legal proceedings and papers may be made, as upon such association, such designations to be made by an instrument under the hand of the president and secretary of such association, filed in the office of the superintendent of the insurance department of this State. If the person designated as above provided shall die or remove from such place, another person shall be appointed in his place within thirty days. Notice of any change of the office of such association, or any new or different designation of a person upon whom service may be made as above provided, shall, under the hand of such president and secretary be filed with the superintendent aforesaid, within thirty days after such change or new designation is made. Upon failure to comply with any of the provisions of this section, such association shall cease to do business in this State until compliance therewith, and any officer, agent or representative of such association who shall collect any moneys or issue any certificate in carrying on said business, after failure to comply with these requirements, shall be liable to punishment as hereinafter provided.

SECTION 4. No such association or society, except such as are now doing business within this State, shall commence business therein until it has received from the superintendent of the insurance department a certificate of authority, a duplicate of which shall be filed in the office of said superintendent. It shall be the duty of said superintendent to refuse certificate to any company when, in his judgment, such refusal will best promote the public interests.

SECTION 5. All such associations and societies together with their books, papers and vouchers, shall be subject to visitation and inspection by the superintendent of the insurance department, or such person or persons as he may designate. If said superintendent shall be of the opinion that such association or society should be restrained from doing business he shall report the same with the facts upon which such opinion is based to the Attorney-General, whose duty it shall be, if he shall be of the opinion that the facts warrant such report, to apply to the Supreme Court, at a special term thereof within the judicial district in which the principal place of business of such association or society within this State is located, for an order requiring the officers of such association or society to show cause at a reasonable time and place within such district why such association or society should not be restrained from continuing to transact business, with power to the said court to adjourn the hearing thereof, from time to time, not exceeding, however, sixty days in the aggregate. Such associations or societies shall be entitled to be heard and to a trial by jury of the facts stated in said report, and to examine papers and

witnesses under oath in the usual mode of trials of actions, and the verdict of said jury shall be conclusive upon the propriety of restraining such continuance of business upon such report and opinion. And judgment shall be entered upon such verdict in the same manner as in ordinary actions under the Code of Civil Procedure.

SECTION 6. Nothing in this act contained shall be construed to apply to any corporation, company or society incorporated under the life-insurance laws of this or any other State, Territory or country.

"SECTION 7. Any officer or agent of any such association or society, whose duty it is to make any report or perform any act as provided in this act, who shall neglect or refuse to comply with any of the provisions of this act in respect thereto, or who shall make in any report or statement aforesaid any false or fraudulent statement, and any person who shall act within this State as agent, solicitor or collector for any such association or society, which shall have failed, neglected or refused to comply with the provisions of this act, shall be guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not less than one hundred dollars nor more than five hundred dollars, or by imprisonment in a county jail of not less than ten days nor more than one year, or both such fine and imprisonment, in the discretion of the court.

SECTION 8. The report to the superintendent of the insurance department shall be in lieu of all other reports required by any general law under which said associations or societies are or may be incorporated.

SECTION 9 This act shall take effect immediately.

THE FOREIGN DEMAND FOR OUR BREADSTUFFS.—Opinions differ very widely as to the probable demand for our breadstuffs abroad this year. It is argued in London and Paris by some of the bankers heavily interested in international transactions, that the demand of Europe for grain outside its own boundaries during the next year will be lighter than it has been for three or four years past. The deficiencies in parts of England, Germany, and some other countries, are to be supplied from the crops of Southern Russia and those of Austro-Hungary, both of which are now known to be abundant, although from Russia the earlier reports were that the quantity of land sown to grain was small, but the grain good. For Austro-Hungary the yield is as good as it was in 1877, making a large surplus available for export. The estimates for export are 3,500,000 quintals of wheat, 1,000,000 of rye, and from 400 000 to 500,000 of rape, which at present prices would represent a money gain to Austria of $25,000,000. But there is in addition an exportable surplus of oats, barley and maize, which, it is believed, will add to this sum a gain of some $25,000,000 more.

FALLING RENTS IN ENGLAND.—A recent return, compiled by a Mr. Sturge, shows that in sixteen English counties agricultural affairs are practically under water. In Lincolnshire land can be had if the tenant will only keep down the taxes. In Huntingdon, on marsh land, with no clay, the old occupants remain in possession without rent. In Shropshire some farms cannot be let at any price. One parish in South Warwickshire returns six hundred acres let, out of three thousand. Northampton, Hertfordshire and Wiltshire, all echo the same story, and even in Sussex one owner has five thousand acres unlet. To realize what this means we must remember that nearly all the estates are incumbered in various ways for a half or two-thirds of their value This leaves not much more than a third of the income available, out of which all taxes not paid by the tenant have to be met. . . . The fall in rents has wiped out the ostensible owner entirely, and the returns are insufficient to meet even the interest on the incumbrances. To whom are the incumbrances due? Chiefly to the trustees of wills and settlements for the benefit of the same class, the dower of their widows and trusts for their younger children. As a class they have clung to the land, preferring it as an investment even to consols.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. LIABILITY FOR FORGED SIGNATURES.

A purchases from a bank a New York check, paying for it with another draft on New York, which proves to be forged. The bank discovering the forgery before their check is presented, stops its payment. The bank's check is transferred to another party (probably the same man under another name), then by him to a firm in Chicago, and by them to a bank. It goes to New York and is regularly protested.

The Chicago firm now holds the check and demands payment on the ground that they are innocent purchasers. *Query:* Can the Chicago firm be required to establish the title of the second indorser to the check, and on failure to do so, can the issuing bank be made liable to them for the money? Can the issuing bank assume that the first indorsement, or certainly one of them, is forged; and, on the failure of the holder to establish their genuineness, be released from liability on the check?

REPLY.—The answer to this inquiry depends upon the way in which the check has been indorsed. The holders must prove their title to the check before they will be entitled to recover from the drawer; but, if the indorsement of the payee was a blank indorsement, they may strike out the name of the second indorser and derive their title directly from the payee; whereas, if the payee's indorsement was special to the party, who appears to be the second indorser, then the holders must prove their title through that indorser. The drawer, therefore, is entitled to call upon the holders to prove either one or both the indorsements. Upon making such proof, of course the holders will be entitled to collect the amount of the check if they are innocent purchasers, and the check was not "stale" when they took it.

II. LOST CERTIFICATES OF DEPOSIT.

We issue certificate of deposit to A, who writes us from a distant city, a few days after, that he has been robbed of it, and requests that we issue duplicate for same. We refuse to do so without indemnifying bond. This he refused to give—in fact, could not give satisfactory bond. He brought suit against us to recover, and obtained judgment for amount of certificate and costs, which we have paid, taking his receipt in full.

Will you please inform us whether this will release us from obligation on the certificate—we holding his affidavit that it passed out of his hands without his indorsement?

REPLY.—Assuming that the certificate of deposit issued by the inquirer was a negotiable instrument, we do not understand upon what principles any court could have given judgment upon it, without first requiring the loser to give a bond of indemnity. If it is true that the certificate passed out of the depositor's hands without indorsement, of course the bank is free from further liability on account of it; but if the affidavit is false, and the certificate has been indorsed by the depositor, and has come into the hands of an innocent purchaser for value, the bank may be obliged to pay it over again. The depositor's affidavit is no particular protection to the bank.

III. Duplicate Checks.

A (with fraudulent intent) purchases from a bank a bill of exchange and holds it for a month or two. goes back to the bank and asks for a duplicate, representing the original as lost; A negotiates the duplicate to B and sells the original to C some months afterwards. The bank on which the bill of exchange is drawn pays the duplicate, and declines payment on the original. Can C recover from the bank issuing the drafts?

Reply.—Yes. Unless, possibly, the delay in the presentment of the original draft may furnish a defence to the drawer, which is a point worth considering. (See *Daniel on Neg. Insts.*, § 465 *et seq.*, § 1,632 *et seq.*) This case illustrates one of the difficulties attending the issuing of duplicate drafts and checks. When it is done, a sufficient indemnity against loss by being afterwards obliged to pay the original should always be insisted upon. A few banks (in the South especially) make it a rule to draw their drafts "second (or duplicate) unpaid," following the custom which prevails in drawing foreign bills of exchange. If a similar precaution had been taken in this case, the present difficulty would have been avoided.

Aggregates of City and Town Bonds.—The Census Bureau has just issued a report of the amount of bonded and other debts of cities and towns containing 7,500 or more inhabitants each. The 311 cities and towns of this class, having an aggregate population of 11.596,558, are reported as owing debts, less sinking funds, of $593,344,418, which is an average of $51.17 to each inhabitant. This debt amounts in the gross to $682,096,420, which bears interest at the following rates and in the following sums:

Rate.	*Bonds.*		*Annual interest.*
10	$6,404,145	....	$640,414 50
9	11,000	....	990 00
8	19,818,953	....	1,585,519 24
7½	356,500	....	26,737 50
7 3-10	16,903,550	....	1,233,959 15
7	189,689,451	....	13,278,261 57
6½	1,174,332	....	76,331 58
6	306,543,449	....	18,392,606 94
5½	386,000	....	21,230 00
5	98,650,791	....	4,932,539 55
4½	4,688,150	....	210,966 75
4	21,462,435	....	858,497 40
3½	13,504,900	....	472,671 50
Unspecified	2,502,804	....	———
Totals	$682,096,460	....	$41,730,722 68

The average rate of interest is 6.118 per cent., or a little less than 6⅛, and the average annual interest for each inhabitant of the municipalities is $3.60. There are cities in twenty-one States that are paying 10 per cent., the largest sums being in Missouri, $1,267,225; in Texas, $1,134,200; in Illinois, $715,130, and in Michigan, $598,270, these four owing more than one-half of the whole debt bearing that rate of interest. Of the debt at 8 per cent., Ohio cities owe $4,318,923; Virginia, $3,679,901; Michigan, $1,822,300, and Illinois, $1,329,425. Ohio also owes $13,567,000 at 7 3/10 per cent., $10,734,267 at 7 per cent., and only $273,000 at a lower rate than 6 per cent. There is no New England or New York city that pays interest above 7 per cent. Of the total debts of all the cities in the country about $51,000,000 were contracted before 1860. During the eight following years about $87,000,000 more were added. From 1868 to 1874, both years inclusive, the enormous sum of $327,000,000 was added, being an average of nearly $47,000,000 a year. From 1875 to the middle of 1880 the additions were $188,000,000, or about $34,000,000 a year. The largest class of debt is that for water, aggregating $144,797,828, or nearly one-fourth of the whole.

BANKING AND FINANCIAL ITEMS.

OUR EXPORTS AND THEIR MOVEMENTS.—The weekly Custom-House return of the exports of domestic products from the port of New York showed the largest total in money value for any one week thus far in 1881. The figures are $ 9,238,094, against $ 6,606,939 last week, and $ 7,274,272 for the corresponding week last year. The total exports from January 1 to August 23, were $ 253,868,035, against $ 258,593,016 for the same period last year. Of the past week's exports nearly $ 2,000,000 went to Liverpool, $ 900,000 to London, $ 635,758 to Hull, $ 537,126 to Antwerp, $ 382,364 to Glasgow and $ 317,616 to Havre.

The receipts of corn at Chicago this month will probably foot np a larger total than ever before. The largest receipts heretofore were in August, 1880, when they amounted to 12,434,267 bushels. The receipts thus far this month reach 11,551,751 bushels, and estimating the receipts for the remaining five days at 550,000 bushels a day, the aggregate will be swelled to $ 14,301,751 bushels for the month. For the past five days the receipts have averaged 625,000 bushels a day. The canal grain shipments have been as follows per week on the average for the six weeks before and the eight weeks since the fifteen-cent rate was made, and for the week ending August 12 last:

	1881.		
	By canal.	*By rail.*	*Per cent. by rail.*
Average to June 17	1,673,685	1,159,400	41.0
Average since June 17	1,074,718	1,973,295	64.7
Week ending August 12	924,100	1,632,800	66.0
	1880.		
Average to June 17	2,671,689	1,280,289	32.4
Average since June 17	2,304,373	1,772,036	44.0
Week ending August 12	2,735,205	1,158,700	40.0

These figures show a large gain in canal receipts and a small one in rail receipts over the previous week, but with that exception they are the smallest since the fifteen-cent rate was made. On the average, canal shipments have been 749,585 bushels a week less, and rail shipments 526,600 bushels more since the fifteen-cent rate was made than they were before.

OUR COTTON PRODUCTION.—The census report on the production of cotton in the United States in 1879 shows that the six leading cotton States were Mississippi, with 955,800 bales from 2,093,000 acres; Georgia, with 814,400 bales from 2,617,000 acres; Texas, with 803,600 bales from 2,173,000 acres; Alabama, with 699,000 bales from 2,330,000 acres; Arkansas, with 608,000 bales from 1,042,000 acres; and South Carolina, 522,000 bales from 1,364,000 acres. Louisiana, North Carolina, Tennessee, Florida, Missouri, Indian Territory and Virginia come next, in the order given, and Kentucky is last with 1,367 bales from 2,667 acres.

INCREASED RAILROAD EARNINGS—During the month of July forty-seven roads report aggregate gross earnings of $ 17,954,311 against $ 15,354,850 for the same month of 1880, an increase of $ 2,599,461. The mileage of these forty-seven roads was 31,424 in July, 1880, and 35,111 in July, 1881. Forty-five roads show for the first seven months of this year gross earnings to the amount of $ 114,741,590, against $ 96,884,601 for the corresponding period of 1880, an increase of $ 17.856,989.

POPULATION STATISTICS.—The total population of the country, classified according to color, is as follows: White, 43,404,876; colored, 6,577,151; Asiatics, 105,717; North-American Indians, 65,122; total, 50,152,866. In this computation, it should be stated the "Indians not taxed"—that is, Indians in tribal relations under the care of the Government—are not included, their

number not yet having been ascertained. There are in the country nearly one million more males than females. The males number 25,520,582, and the females 24,632,284. There are to every 100,000 native born 15,359 foreign-born persons against 16,875 in 1870.

NATIONAL BANK REORGANIZATION.—The First National Bank of Indianapolis, Ind., which was established by William H. English nineteen years ago, and whose charter expires in a few months, has been reorganized in such a manner as to cause no hiatus. This is the first United States depository to make this change, the Treasury Department giving its consent. The new institution begins to-day with clean books.

THE NATIONAL BANK OF MEXICO.—It is denied that the capital stock of this bank is all subscribed in Mexico. A dispatch from the City of Mexico, dated August 24, says: "The capital stock of the Mexican National Bank is $8,000,000, of which $1,500,000 have been subscribed by Mexicans. The trustees of the bank are Antonio Mier y Celes, Ramon Guzman and Felix Cuevas, (Mexican;) D. Robert, (French); Bonne Struck, (German,) and J. Bumejillo, (Spanish.) For each million dollars deposited the bank can emit three millions in checks."

THE CANADIAN CURRENCY.—The total amount of Dominion of Canada notes in circulation on July 31st was $24,695,362. The excess of specie and guaranteed debentures held against this, over what are required by law, was $2,220,228, and of unguaranteed debentures $228,477. The most notable feature is the increased circulation of one and two-dollar notes, which are now stated at $4,669,269. They are largely taking the place of the four dollar notes which were withdrawn on the 1st of July.

WAGES IN FRANCE.—The frugality of the French mechanics is well known. What is not so well known is the low rates of wages which they earn. The *Economiste Francais* recently published a table showing that the average wages in fifty-one distinct trades were only 60½ cents a day or $3.63 a week. These were the wages of men. For women the average in eleven trades is 31¼ cents a day or $1.87½ a week. Decorative sculptors, a class of highly skilled and intelligent workmen, receive only 92⅞ cents a day. Such workmen here would probably earn from four to five dollars per day.

OBITUARY.

MR. WILLIAM E. DUBOIS, Assayer of the United States Mint, in Philadelphia, died at his residence on July 14, in the 71st year of his age. Of French Huguenot descent, he was born in Doylestown, in 1810. He became a member of the Philadelphia bar in his 23d year. An affection of the throat compelled him to abandon the bar, and he became attached to the Mint in September, 1833. In 1835 he was appointed Assistant Assayer, and in September, 1872, he became Assayer. A man of educated and refined literary taste, Mr. Dubois has left behind him many works of ability, among them being a treatise on a Revised System of Weights and a Restoration to Silver Currency; also, a Manual of Coins, etc., an exhaustive work on coinage. Many years ago he determined to form a cabinet of coins, and that splendid collection which is shown to visitors to the United States Mint is the result of his thought and personal labor. It is one of the finest and most valuable collections in the world. The late Professor Joseph Henry considered him the authority in this country on numismatics, and the Smithsonian Institute invariably referred to him all its inquiries on such matters. He made a specialty of the subject of counterfeits, and was regarded by the Government detectives as an expert in that branch also. He formed a large collection of counterfeits, some of them being remarkably skillful in their make and finish, and presented it to the Mint. During the forty-eight years' connection of the deceased with the Mint, Mr. Dubois enjoyed the esteem and confidence of all with whom he became associated, and died universally regretted.

JOHN T. BAGLEY, Vice President of the American National Bank at Detroit, and a member of the Executive Council of the Bankers' Association, died at San Francisco on July 27th, and was buried at Detroit on the 7th of August. He was born at Medina, New York, in 1832. The family moved to Michigan in 1845. His business career began two years later in a clerkship in a tobacco store, in Detroit, from which he advanced to go into business on his own account. Enterprise enabled him to take the lead as the largest and most successful manufactnrer of the kind in the West. After which junior partners and the formation of a stock company enabled him to gratify a laudable ambition to participate in public affairs. He was made President of the Michigan Mutual Life Insurance Company, Vice-President of the American National Bank, President of the Detroit Safe Company, besides becoming interested in several manufacturing and mercantile interests, for which he furnished capital in aid of worthy young men.

The only political offices accepted by Mr. Bagley were as member of the Common Council, and of the Board of Education, until he was elected Governor of Michigan in 1872 and again in 1874, serving in that capacity four consecutive years. For this office he was peculiarly fitted, as it gave scope to his public spirit, and developed administrative and mental qualities of a high order. His appreciation of the necessity for and value of the many State educational and benevolent institutions was remarkable; each received from him the personal oversight which official duty, backed by the most humane and benevolent impulses, demanded. Under his administration a State public school for vagrant children was instituted, which was to him an especial object of solicitude, until all of the children from the poor houses of the State were gathered into it, cleaned, clothed and educated, to be fitted for positions of respectability and usefulness. Many personal donations attested his interest in these institutions. At that time Governor Bagley was notable for manly strength—his weight being about 300 pounds, and unlike some bulky men his brain was correspondingly large, active and well balanced. In 1877 there were evidences of failing health, followed by an apparent recovery; but during the last year a relapse occurred, which his friends and physicians judged to be incurable, otherwise he would not have failed by one vote only to have been elected United States Senator. Governor Bagley's education was the result of his own efforts, aided only by his superior natural ability, which enabled him to acquire readily an insight into all practical knowledge, and to appropriate so much as his extended business and exalted position required. His reading was various, and a retentive memory and quick understanding made from the laborious study of others an easily-acquired fund of knowledge, ready when required for any service, so that his correspondence and State papers compare favorably with those whose educational advantages have been superior. They were models of business clearness and sound judgment. His kindly and benevolent nature extended favors to all. A street beggar or vagrant child was to him as much an object of interest and humane consideration as the most exalted or wealthy. The poor and unfortunate constantly sought his aid, and were liberally helped. No one in this State did so much to relieve the wants of others. This was also exemplified in his will. Liberal bequests were made to each benevolent society of Detroit; his employees were kindly and substantially remembered; and five thousand dollars was set apart for an iced-water fountain to be placed in a public square of the city. In religious belief he was liberal, and without any tinge of bigotry. The Unitarian church, of which he was a member, was by his liberality always above pecuniary want, and other churches also shared his benefactions. Governor Bagley was removed from his usefulness and honors while yet in his prime. Few men had participated more in the business, honors and pleasures of life. It is well that his memory be held in kindly remembrance by his numerous friends and acquaintances, and the good be preserved as an example to those who are to follow. H

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from August No., page 156.)

No.	Name and Place.	President and Cashier.	Capital. Authorized.	Capital. Paid.
2545	First National Bank........ Poultney, VT.	John B. Beaman.......... Martin D. Cole..	$50,000	$50,000
2546	Western National Bank..... South Pueblo, COL.	William L. Graham..... Charles B. McVay.	50,000	25,000
2547	Denton National Bank...... Denton, MD.	Philip W. Dounes......... Richard T. Carter.	50,000	31,000
2548	First National Bank........ Valley City, DAK.	Charles McC. Reeve....... Herbert Root.	50,000	50,000
2549	Union National Bank...... Cincinnati, OHIO.	Hugh W. Hughes......... Octavius H. Tudor.	500,000	253,500
2550	First National Bank........ Quincy, MICH.	Benjamin F. Wheat....... Charles R. Hannan.	50.000	35.000
2551	First National Bank........ Madison, N. J.	Jacob S. Paulmier........ Wilbur F. Morrow.	50,000	30,000
2552	Second National Bank...... Reading, PA.	William McIlvain......... Christopher Leoser.	100,000	50,000
2553	First National Bank........ Richburgh, N. Y.	John S. Rowley........... Frank E. Fairbanks.	50,000	50.000
2554	Union National Bank...... Newport, R. I.	George F. Crandall....... John S. Coggeshall.	155,250	155.250
2555	First National Bank........ Nevada, IOWA.	Elijah L. Lyon........ ... Wilber F. Swayze.	50,000	50.000
2556	First National Bank........ Indianapolis, IND.	Augustus D. Lynch....... John C. McCutcheon.	400,000	400,000
2557	Union National Bank...... Racine, WIS.	Henry Mitchell............ E. B. Kilbourn.	100,000	50,000
2558	First National Bank........ Greensburg, PENN.	Richard Coulter.... ...... John Zimmerman.	100,000	50,000

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from August No., page 153.)

State.	Place and Capital.	Bank or Banker.	N. Y. Correspondent and Cashier.
COL....	Durango..	Bank of Durango......... William Barth, *Pr.*	Kountze Brothers. Albert P. Camp, *Cas.*
"	.. South Pueblo.. $50,000	Western Nat'l Bank...... William L. Graham, *Pr.*	First National Bank. Charles B. Mc Vay, *Cas.*
DAKOTA	Hill City....... (Comstock P.O.)	Traill County Bank....... J. H. Sarles, *Pr.*	National Park Bank. E. Y. Sarles, *Cas.*
"	.. Jamestown	"Lloyds"................	Continental Nat'l Bank.
"	.. Valley City.... $50,000	First National Bank....... Chas. McC. Reeve, *Pr.*	Kountze Brothers. Herbert Root, *Cas.*
ILL.....	Jerseyville......	Carlin & Bagley..........	Fifth National Bank, *Chicago.*
"	.. Metropolis.....	McKee, Quante & Co.....	Valley Nat'l Bank, *St. Louis.*
IND.....	Indianapolis.... $400,000	First National Bank....... Augustus D. Lynch, *Pr.*	First National Bank John C. McCutcheon, *Cas.*
IOWA...	Nevada........ $50,000	First National Bank...... Elijah L. Lyon, *Pr.*	Bank of New York N. B. A. Wilber F. Swayze, *Cas.*
"	.. Perry	Citizens' Bank............ O. Mosher, *Pr.*	Gilman, Son & Co. A. T. Pearson, *Cas.*

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
KANSAS.	Osborne	Charles R. Woolley	Kountze Brothers.
"	Seneca	Nemaha County Bank	....
MD.	Denton	Denton National Bank	....
	$31,000	Philip W. Dounes, *Pr.*	Richard T. Carter, *Cas.*
MICH.	Quincy	First National Bank	First National Bank.
"	$50,000	Benjamin F. Wheat, *Pr.*	Charles R. Hahnan, *Cas.*
"	Stanton	A. D. F. Gardner & Co.	....
MINN.	Ada	Bank of Ada	Ninth National Bank.
		H. L. Ware, *Pr.*	W. H. Matthews, *Cas.*
MO.	Ashland.	Farmers' Bank	Third Nat'l Bank, *St. Louis.*
	$5,000	Eli Penter, *Pr.*	Edward L. Dimmitt, *Cas.*
"	Warsaw	State Bank	Donnell, Lawson & Simpson.
		James H. Lay, *Pr.*	H. A. Tompkins, *Cas.*
NEB.	Red Cloud	Webster County B'k (R.V. Shirey, *Cas.*)	....
"	Ulysses	Ulysses State Bank	Kountze Brothers.
	$5,900	S. D. I. Emerson, *Pr.*	Arthur Hall, *Cas.*
N. J.	Madison	First National Bank	....
	$30,000	Jacob S. Paulmier, *Pr.*	Wilbur F. Morrow, *Cas.*
N. Y.	Richburgh	First National Bank	....
	$50,000	John S. Rowley, *Pr.*	Frank E. Fairbanks, *Cas.*
PENN.	Greensburg	First National Bank	....
	$50,000	Richard Coulter, *Pr.*	John Zimmerman, *Cas.*
"	Reading	Second National Bank	....
	$50,000	William McIlvain, *Pr.*	Christopher Leoser, *Cas.*
R. I.	Newport	Union National Bank	....
	$155,250	Geo. F. Crandall, *Pr.*	John S. Coggeshall, *Cas.*
TENN.	Knoxville	Merchants' Bank	Phenix National Bank.
		John S. Van Gilder, *Pr.*	H. T. Ault, *Cas.*
TEXAS.	Kaufman	Nash & Carlisle	....
"	Waxahachie	Patrick, Mc Millan & Co.	Marine National Bank.
VT.	Poultney	First National Bank	....
	$50,000	John B. Beaman, *Pr.*	Martin D. Cole, *Cas.*
WIS.	Racine	Union National Bank	....
	$50,000	Henry Mitchell, *Pr.*	E. B. Kilbourn, *Cas.*

GROWTH OF TEXAS.—As an illustration of the growth of Texas and the improvement of its credit, it is stated that the Texas Pacific Rio Grande Division first-mortgage bonds, which are a first mortgage upon the road and a lien upon the lands, the value of which is estimated as being equal to the amount of the bonds, are in demand at advancing quotations. Mr. M. Kopperl reports in Texas 3,300 miles of railroad in operation at present, against 365 miles in 1865. He adds that in 1850 the production of wheat was 50,000 bushels, but in 1878 the wheat crop was 4,000,000 bushels and its production is now only limited by the facilities for getting it to deep water, which it is expected will soon be obtained at Galveston. I am informed that Texas wheat weighs from sixty-two to sixty-eight pounds to the measured bushel, and flour made from it passes the tropics without danger of fermentation or souring, and the wheat matures about three weeks earlier than that raised in the Eastern States. In regard to the rapid increase of population in Texas, Mr. Kopperl states that in 1820 the population was 20,000; in 1830, the population was 35,000; in 1840, the population was 60,000; in 1850, the population was 212,000; in 1860, the population was 601,000; in 1870, the population was 818,000; in 1880, the population was 1,597,509; and in 1881, the population is probably one million and three-quarters. The seven-per-cent. bonds of Texas were offered at eighty-five a short time ago, and now the six-per-cent. bonds are in demand at considerably above par.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from August No., page 154.)

	Bank and Place.	Elected.	In place of
N. Y. CITY.	Institution for Savings of Merchants' Clerks.	Andrew Warner, *Pr*.....	....
COL....	Bank of Leadville.............	E. L. Campbell, *Pr*......	H. A. W. Tabor.
GA.....	National Bank of Athens......	Asaph K. Childs, *Pr*....	J. White.*
ILL.....	Second National B'k, Freeport.	Alfred H. Wise.........	J. H. Addams.*
" ..	Second Nat'l B'k, Galesburg...	W. W. Washburn, *Cas*..	J. H. Losey, *Acting*.
IOWA ...	Nat'l State Bank, Oskaloosa...	M. E. Cutts, *Pr*.........	S. Richards.
MAINE..	First Nat'l Bank, Augusta......	Daniel A. Cony, *Pr*.....	J. W. North.
" ..	Second Nat'l B'k, Skowhegan..	R. B. Shepherd, *Pr*.. ...	S. Robinson.
MASS....	First National Bank, Boston.	John Carr, *Pr*	S. D. Warren.
		Charles H. Draper, *Cas*..	J. Carr.
" ..	Shoe and Leather N. B., Boston.	Benjamin E. Cole, *Pr*. .	S. Turner.
" ..	Home National B'k, Brockton.	Fred. B. Howard, *Cas*...	C. D. Fullerton.
" ..	Merrimack Nat. B'k., Haverhill.	U. A. Killam, *Cas*	J. L. Hobson.
MICH...	Citizens' Nat'l Bank, Flint.....	H. C. Van Dusen, *Cas*...	W. B. McCreery.
" ..	Cent. Mich. Savings Bank, Lansing	Nelson Bradley, *Cas*.....	• ....
MO.....	State Savings Bank, St. Joseph	C. B. France, *Pr*........	A. M. Saxton.
		E. Lindsey, *Cas*.........	C. B. France.
NEB....	Farmers' Bank, Tecumseh...	E. M. Moss, *Pr*.........	....
		W. G. Swan, *V. P*......	....
		J. S. Dew, *Cas*..........	....
N. Y....	Third Nat'l Bank, Buffalo.....	Charles A. Sweet, *Pr*....	A. Altman.
" ..	First Nat'l Bank, Jamestown...	Reuben E. Fenton, *Pr*...	A. Kent.
" ..	Johnstown Bank, Johnstown .	John W. Cline, *Pr*......	D. McIntyre.
OHIO...	Second Nat'l B'k, Springfield..	J. G. Benalleck, *Cas*.....	F. W. Foos.
" ..	Wayne Co. Nat'l B'k, Wooster.	J. G. Hartman, *Cas*.	....
PENN...	Fifth Ave. Bank, Pittsburgh...	Charles W. Schwarz, *Pr*.	D. M. Armor.*
R. I....	National Hope B'k, Warren...	George Barton, *Pr*......	....
S. C....	National Bank of Greenville...	H. T. Poe, *Cas*..........	L. Mc Bee.
VT.....	Castleton National Bank......	Henry I. Cole, *Cas*......	M. D. Cole.
WIS....	Bank of Brodhead....	C. N. Carpenter, *Pr*.....	....
		E. Bowen, *Cas*..........	....

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from August No., page 155.)

COL... . Canon City.... Exchange B'k (R. A. Bain); sold to Mulock Bros. & Co.
" .. Denver........ Denver Bank; paid capital, $30,000. Kountze Bros., New York Correspondent.
" .. Durango....... Daniels, Brown & Co.; incorporated as Bank of Durango. Wm. Barth, *Pr.*, Albert P. Camp, *Cas.*
" .. Kokomo....... Summit County Bank; Eshelman, Ordean & Co.; now George R. Fisher & Co.
" .. Robinson...... Ordean, Myers & Co.; now George R. Fisher & Co.
" .. Rosita......... Merchants and Miners' Bank; F. A. Raynolds sells his interest to Dewalt & Sours.
" .. Silver Cliff..... Custer County Bank; F. A. Raynolds sells his interest to Hartzell Brothers.
DAK.... Rockerville .... Gold Exchange Bank (Dorr Heffleman); now C. A. Girdler & Co.

ILL....	Momence......	Momence Bank (J. B. Durham & Co.); now William M. Durham.
"	.. Rochelle.......	First National Bank; succeeded by Wm. Stocking & Co. Same management.
IND.....	Anderson......	Exchange Bank (Fulton & Daniels); Fulton retires.
"	.. Indianapolis....	First National Bank, No. 55; in liquidation. Reorganized, as No. 2556. Same title and officers.
IOWA...	Nevada........	Nevada City Bank; now First National B'k. Same officers.
"	.. Oskaloosa......	National State B'k; voluntary liquidation, Aug. 13.
"	.. Riverton	Fremont County Bank; now Davies & Brant.
KAN....	Canton.......	S. Bailey & Co. (Canton Bank); out of business.
MICH...	Ionia	Webber, Just & Co.; now A. J. Webber & Son.
MINN...	Shakopee......	First Nat'l Bank; now Bank of Shakopee. No change, except in title.
MO.....	Butler	Bates County Nat'l Bank; paid capital now $75,000. Surplus $15,000.
"	.. Rich Hill......	Rich Hill Bank; paid capital now $25,000.
NEB....	Edgar	Grand Island Banking Co.; succeeded by Fairfield Bank, and outfit removed to Fairfield.
"	.. Grafton........	L. R. Grimes; now Bank of Grafton. J. O. Chase, *President*. R. C. Price, *Cashier*.
N. Y...	Attica..........	Attica Nat'l Bank; now C. B. Benedict & Son. Same management and New York Correspondent.
OHIO...	Seville.........	Hay & Stebbins; out of business. W. P. Stebbins continues at Creston.
PENN...	Greensburg....	Thomas J. Barclay; now Barclay Bank. Wilson Baughman, *President*. John Barclay Keenan, *Cashier*.
R. I....	Newport.......	Rhode Island Union Bank; now Union National Bank. Same officers.
S. CAR..	Darlingt'n C.H.	Dargan & Hewitt; now E. Keith Dargan.
TEXAS..	Stephenville ...	J. D. Berry; business transferred to Berry & Fleming, Eastland (Cisco P. O.)
WIS...	Darlington.....	La Fayette County Bank (Orton, Otis & Co.); now P A. Orton & Co.
QUEBEC	Montreal.......	Merchants' Bank of Canada; paid capital now $5,600,000.

PROGRESS OF IMMIGRATION.—The total immigration for 1880–81 was 660,239. Last year the number was 457,257. In 1830 the number was 22,322; in 1842 it first reached 100,000; in 1847 it passed 200,000; in 1850 it passed 300,000; in 1854 it was 427,833, which was the first figure up to 400,000; then the tide declined rapidly; the number in 1860 was 153,418. Since the war the subjoined aggregates are reported:

Year.	*Immigrants.*	*Year.*	*Immigrants.*	*Year.*	*Immigrants.*
1865....	247,453	1871....	321,350	1877....	141,857
1866....	166,112	1872....	404,806	1878....	138,469
1867....	293,967	1873....	459,803	1879....	177,826
1868....	282,189	1874....	313,339	1880....	457,257
1869....	352,768	1875....	227,408	1881....	660,239
1870....	387,203	1876....	169,986		

Besides the increase of our productive power which so many thousands of skilled laborers add to our existing National wealth, they bring money in with them in cash. The amovnt was once estimated by the Castle Garden authorities at $68 per head, and has been variously estimated by others from $50 to $100; if it be taken at $50 as the lowest computation, the immigrants of 1880–81 have brought in nearly 33½ millions of cash. And it is a consideration by no means to be underrated that the tide of immigration now brings us many different classes of immigrants, who take a much superior rank in acquired means and skill to the average standard of former years.

THE NATIONAL-BANK CIRCULATION BY STATES.

Statement of the Comptroller of the Currency, showing by States the amount of National-bank circulation issued, the amount of Legal-Tender Notes deposited in the United States Treasury to retire National-bank circulation, from June 20, 1874, to September 1, 1881, and amount remaining on deposit at latter date.

STATES AND TERRITORIES.	*Additonal Circulation issued since June 20, 1874.*	Legal-Tender Notes Deposited to Retire National-Bank Circulation, since June 20, 1874.			*Legal Tenders on deposit with the U. S. Treasurer at date.*
		For redemption of Notes of Liquidating Banks.	*To retire Circulation under Act of June 20, 1874.*	*Total Deposits.*	
Maine	$1,506,180	$317,000	$764,700	$1,081,700	$275,357
New Hampshire	643,165	72,997	55,800	128,797	27,334
Vermont	1,945,460	351,097	1,753,040	2,104,137	783,156
Massachusetts	23,827,820	234,800	9,680,700	9,915,500	1,704,946
Rhode Island	3,046,920	32,350	1,409,885	1,442,235	376,217
Connecticut	4,278,470	65,350	3,731,030	3,796,380	1,538,826
New York	27,633,065	2,571,478	30,507,780	33,079,258	7,510,218
New Jersey	2,584,335	467,603	2,563,137	3,030,740	1,192,413
Pennsylvania	15,856,220	1,311,226	12,135,171	13,446,397	5,398,226
Delaware	277,275	——	——	——	——
Maryland	1,930,310	166,600	1,718,380	1,884,980	80,612
Dist. of Columbia	457,000	432,664	530,060	962,724	100,209
Virginia	1,034,500	919,369	1,036,010	1,955,379	286,336
West Virginia	226,810	731,060	386,685	1,117,745	149,254
North Carolina	1,235,660	128,200	1,147,585	1,275,785	222,278
South Carolina	180,700	——	1,187,380	1,187,380	172,099
Georgia	520,350	330,925	437,675	768,600	103,840
Florida	72,000	——	——	——	——
Alabama	207,000	90,000	170,100	260,100	84,545
Mississippi	——	——	——	——	246
Louisiana	1,623,110	656,413	2,099,250	2,755,663	68,209
Texas	489,600	61,290	229,340	290,630	44,380
Arkansas	171,000	——	171,000	171,000	11,445
Kentucky	4,558,380	629,867	2,130,833	2,760,700	832,520
Tennessee	812,770	370,401	551,859	922,260	152,217
Missouri	1,169,360	1,043,450	3,862,135	4,905,585	687,526
Ohio	5,247,060	1,704,597	4,651,034	6,355,631	2,074,675
Indiana	3,851,350	1,382,397	7,859,083	9,241,480	2,850,633
Illinois	3,381,925	1,839,934	7,706,046	9,545,980	1,746,730
Michigan	2,323,810	536,800	3,174,475	3,711,275	1,289,260
Wisconsin	1,208,030	680,860	1,259,589	1,940,449	553,430
Iowa	1,896,400	858,669	1,760,615	2,619,284	496,279
Minnesota	1,138,400	554,495	1,883,445	2,437,940	784,367
Kansas	269,080	781,721	316,550	1,098,271	276,520
Nebraska	266,400	45,000	449,980	494,980	223,090
Nevada	36,000	——	——	——	1,768
Colorado	693,900	147,225	149,400	296,625	19,558
Utah	134,900	161,191	196,800	357,991	13,263
Montana	165,600	111,700	81,000	192,700	64,903
Wyoming	30,600	——	——	——	——
New Mexico	90,000	——	——	——	——
Washington	180,000	——	90,000	90,000	71,360
Dakota	238,500	——	——	——	——
California	840,600	——	——	——	——
Totals	$118,280,015	$19,788,729	$107,837,552		$32,268,245
Legal-tender notes deposited prior to June 20, 1874, and remaining at that date				3,813,675	
Total deposits				$131,439,956	

JOHN JAY KNOX, *Comptroller of the Currency.*

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

Debt Bearing Interest.

	July 1, 1881.	*Aug.* 1, 1881.	*Sept.* 1, 1881.
Bonds at six per cent	$196,378,600	———	———
Bonds at six per cent. cont'd at 3½ p.c.	———	$178,055,150	$178,055,150
Bonds at five per cent	439,841,350	439,708,050	21,304,900
Bonds at five per cent. cont'd at 3½ p.c.	———	———	400,634,950
Bonds at four and a half per cent	250,000,000	250,000,000	250,000,000
Bonds at four per cent	738,659,000	738,693,950	738,703,900
Refunding certificates	688,800	653,850	643,900
Navy pension fund	14,000,000	14,000,000	14,000,000
Total principal	$1,639,567,750	$1,621,111,000	$1,603,342,800
" interest	20,223,225	13,234,609	12,044,851

Debt on which Interest has Ceased Since Maturity.

Principal	$6,723,865	$9,959,015	$14,198,665
Interest	718,686	773,660	800,948

Debt Bearing no Interest.

Old demand and legal-tender notes	$346,741,551	$346,741,501	$346,741,076
Certificates of deposit	11,925,000	10,740,000	9,625,000
Fractional currency	7,105,953	7,098,645	7,098,559
Gold and silver certificates	56,949,450	57,733,800	62,979,230
Total principal	$422,721,954	$422,313,946	$426,443,865
Unclaimed Pacific Railroad interest	6,746	6,746	7,226
Total Debt, principal and interest	$2,089,962,227	$2,067,398,979	$2,056,838,356
Total Cash in the Treasury	249,363,415	236,878,190	240,498,788
Debt, less Cash in the Treasury at date	$1,840,598,811	$1,830,520,788	$1,816,339,567
Decrease of debt during the month	12,323,159	10,078,023	14,181,221
Decrease of debt since June 30, 1880	101,573,483	———	———
Decrease of debt since June 30, 1881	———	10,078,023	24,259,244

Current Liabilities.

Interest due and unpaid	$2,125,544	$2,844,439	$2,426,370
Debt on which interest has ceased	6,723,865	9,959,015	14,198,665
Interest thereon	718,686	773,660	800,948
Gold and silver certificates	56,949,450	57,733,800	62,979,230
U. S. notes held to redeem certificates of deposit	11,925,000	10,740,000	9,625,000
Cash balance available at date	170,920,869	154,827,274	150,468,575
	$249,363,415	$236,878,190	$240,498,788

Available Assets.

Cash in the Treasury	$249,363,415	$236,878,190	$240,498,788

Bonds issued to the Pacific Railway Companies.

Principal outstanding	$64,623,512	$64,623,512	$64,623,512
Interest accrued and not yet paid	1,938,705	323,117	646,235
Interest paid by the United States	49,528,566	51,467,272	51,467,272
Interest repaid by transportation of mails, etc.	14,426,126	14,426,644	14,441,719
By cash payments five per cent. net earnings	655,198	655,198	655,198
Balance of interest paid by the United States	34,447,241	36,385,428	36,370,353

NOTES ON THE MONEY MARKET.

NEW YORK, SEPTEMBER 1, 1881.

Exchange on London at sixty days' sight, 4.79½ *to* 4.80 *in gold.*

The monetary situation has been considerably disturbed during the last few weeks by speculative and other causes, some of which have already spent their force, while others are as yet scarcely beyond their incipient stage of activity. The bank reserves have fallen, and appear likely to descend to a still lower average. The demand for money to move the crops has already begun, and the influx of specie from abroad has already set in. Several heavy speculative operations in cotton and other commodities have added to the general disquietude, and the precarious condition of President Garfield, with the political and financial consequences incident to a possible change in the policy of the Government have been cited among the causes for the fluctuations of public confidence which projected themselves from day to day in the horizon of the money market. There has been a considerable drain of specie from the banks, which hold $62,151,400 at present, against $65,413,800 in 1880, $19,684,700 in 1879 and $17,000,300 in 1878. In legal tenders the total is $16,210,900, against $15,335,500 in 1880, $41,279,300 in 1879, and $53,948,500 in 1878. In the aggregate reserves there is a deficit of $2,568,025 this week, against $717,700 a week ago, and against a surplus reserve of $6,643,575 in 1880, $3,759,650 in 1879, and $16,907,775 in 1878. The statements are now made up upon rising averages, so that an improvement will probably be shown next week. The reports of the New York Clearing-House banks compare as follows:

1881.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Aug. 6...	$350,624,800	$76,510,900	$16,060,000	$347,342,700	$19,360,600	$5,735,225
" 13...	351,024,700	71,841,100	15,927,000	342,722,400	19,486,000	2,087,500
" 20...	349,542,800	67,138,400	15,842,800	334,795,600	19,566,000	*717,700
" 27..	343,369,600	62,151,400	16,210,900	323,721,300	19,590,000	*2,568,025

* Deficiency.

The Boston bank statement for the past four weeks is as follows:

1881.	*Loans.*	*Reserves.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Aug. 6.......	$165,365,500	$10,192,400	$3,258,700	$114,454,400	$31,491,900
" 13.......	165,169,500	9,132,600	3,116,000	111,853,400	31,439,100
" 20	166,110,700	8,712,500	3,123,600	110,450,000	31,628,500
" 27.......	164,503,800	8,300,700	3,259,800	106,864,900	31,671,500

The Clearing-House exhibit of the Philadelphia banks is as annexed:

1881.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
Aug. 6.......	$78,600 946	$22,498,600	$74,610,257	$10,502,083
" 13.......	79,014,473	21,917,747	74,004,227	10,515,478
" 20.......	79,149,422	21,423,972	73,508,383	10,595,423
" 27..	79,999,128	20,680,392	73,107,807	10,588,971

The Stock Market has been agitated and quotations have fluctuated more than is usual at this dull period of the year. Governments are firm under the

expectation of further absorption of the bonds in market by the surplus revenue of the Treasury. Great efforts are making to sustain quotations by reports that Mr. Windom will use part of the Treasury surplus in paying off the fours, four and a halfs and the sixes, all of which are held at present prices in expectation that the supply in market will be diminished during this month by Mr. Windom's operations. Rumors are current that he intends to call in $20,000,000 of these bonds or of the extended three and a half per cents. To all inquiries, however, on this subject, Mr. Windom replies that nothing has been determined upon. In fact, the next session of Congress is so near that the Treasury balances may suffer some augmentation with advantage to the public and private credit. As soon as the policy of Congress is known the operations of the Treasury for the disposal of surplus revenue can be better predicted. Much of the current discussion is directed to the general purpose of increasing the force of the speculative arguments for or against an advance of quotations, the level of which is regarded as so high as to check the demand from investors, and to induce them rather to offer their bonds for sale than to increase their present holdings. Abundant proof, however, is furnished by the recent movements of Government bonds, of the gratifying condition of our Government credit at home and abroad. Coupon fours close at 115⅞ against 114¾ a week ago. State bonds are depressed and quotations favor the buyer. Railroad bonds are inactive with a fair investment demand for cheaper bonds of the better class. Railroad shares are quiet at the close, and prices are irregular. The sales for the week ending yesterday were 1,689,993 shares against 1,959,986 for the week ending August 24th, 1,296,720 for the week ending August 17th, and 1,243,482 for the previous week. The volume of business has thus been quite large for the season of the year, though it falls below the average of last month. Subjoined are our usual quotations.

QUOTATIONS:	*Aug.* 3.	*Aug.* 10.	*Aug.* 17.	*Aug.* 24.	*Aug.* 31.
U. S. 6s. 1881, Coup...	102½	102½	102½	102½	101½
U. S. 4½s, 1891, Coup.	114⅜	114⅜	114½	113⅞	114
U. S. 4s, 1907, Coup...	116½	116½	115½	115⅜	115⅞
West. Union Tel. Co..	90⅛	88⅞	85½	87⅝	87¾
N. Y. C. & Hudson R.	144½	143¾	142½	142½	142
Lake Shore...........	125⅜	123⅝	122⅝	123	123
Chicago & Rock Island	138¾	137½	134¼	133½	134
New Jersey Central...	97⅛	95¼	93¼	92¼	93¼
Del., Lack. & West....	124⅜	124¾	122⅜	122¼	123⅜
Delaware & Hudson..	110½	109⅝	108¼	107⅝	107⅝
Reading..............	65⅜	65¾	61¼	61¼	61¼
North Western........	126⅜	125⅝	123¼	124¾	124⅛
Pacific Mail..........	52⅜	51¾	49	49	48¼
Erie..................	44¼	43⅞	42⅞	42¾	42½
Discounts............	3 @ 4	3 @ 4	5 @ 6	5 @ 6	5 @ 6
Call Loans...........	2 @ 3	2 @ 3	4 @ 6	4 @ 6	4 @ 6
Bills on London........	4.82½-4.84½	4.83 -4.85	4.80 -4.82½	4.80 -4.82½	4.79½-4.83½
Treasury balances, coin	$77,016,976	$81,837,069	$86,035,158	$87,977,680	$85,490,243
Do. do. cur.	$4,700,722	$5,082,378	$4,733,620	$4,527,010	$4,345,551

Foreign Exchange is weak for sixty-day bills in expectation of higher rates of discount in Europe. Several questions are being discussed in connection with the favorable turn in the international exchanges, which is bringing gold from Europe. The foreign balances will, according to some authorities, be paid by

the export of our securities from Europe; while others argue that a large exportation of gold for this purpose is inevitable, and that all attempts to check the shipment by raising the rate of discount will only have the effect of throwing trade into confusion, and inflicting losses upon European manufacturers, which will check their productive enterprise and enhance the evil it was intended to cure. Sixty-day bills sold to-day as low as 478½ to 479½, the latter being the posted rate. With regard to the exports of grain, the evidence favors a large demand from abroad, with an adequate, though somewhat diminished, supply from this country. The receipts of corn at Chicago for the past month have reached 14,516,847 bushels, which figure is 2,082,590 bushels higher than was ever before recorded, the largest previous record having been 12,434,257 in August, 1880. The total receipts of grain for the month were 19,060,251 bushels, which, with 461.162 barrels of flour (equal to 2,305,810 bushels of wheat), makes a grand total equal to 21,366,061 bushels of grain, against the grand total of 21,585,033 bushels in October, 1880, which was the largest ever reported. In the whole of the United States, in 1880, our production of grain was 2,434,383,811 bushels, and in 1879 it was 2,424,340,300 bushels. The crop, therefore, may be less this year by two hundred millions of bushels, and we shall still have a crop more than equal to that of 1878, when we exported 234,841,745 bushels, about 60,000,000 bushels less than last year, but more than double the quantity exported in 1875.

The foreign exports from the United States are reported by the Bureau of Statistics for the year ending July 31, at $ 894,416,066, against $ 855,722,371 last year, showing an increase of $ 38,693,695. The imports of merchandise are reported at $ 637,724,475, against $ 683,972.221 last year, showing a decrease of $ 46,247,746. The excess of exports of merchandise was as follows: Month ended July 31, 1881, $ 10,699,460; month ended July 31, 1880, $ 13,710,587; seven months ended July 31, 1881, $ 108,689,426; seven months ended July 31, 1880, $ 44,874,081; twelve months ended July 31, 1881, $ 256,691,591; twelve months ended July 31, 1880. $ 171,750,150.

On the 29th of July, the receivers of the Manhattan Railway Company paid $ 186,187.41 on account of taxes due the city of New York, the whole amount of which is near a million.

The excess of exports or of imports of gold and silver coin and bullion was as follows: Month ended July 31, 1881, (excess of exports,) $ 177,222; month ended July 31, 1880, (excess of imports,) $ 324,451; seven months ended July 31, 1881, (excess of imports,) $ 22,633,432; seven months ended July. 31, 1880, (excess of imports,) $ 1,196,277; twelve months ended July 31, 1881, (excess of imports,) $ 90,666,977; twelve months ended July 31, 1880, (excess of imports,) $ 76,156,569.

The Chief of the Bureau of Statistics reports that the total values of the exports of domestic provisions, tallow and dairy products, during the month of July, 1881, were $ 11,542,029, and during July, 1880, $ 12,860,517; for the seven months ended July 31. 1881, $ 82,708,977, and during the same period in 1880, $ 82,286,346.

Mr. Robert P. Porter, of the Census Bureau, has made a statement and analysis of the bonded debt of the cities and towns of the United States containing a population of 7,500 and upward. Three hundred and eleven cities are included within the limits named, containing a population in the aggregate of

11,596,558. The total bonded debts of these cities amount $682,096,460. In addition there are floating debts amounting to $28,439,464, making a gross indebtedness of $710,535,924. There is a set-off, however, in the shape of sinking funds amounting to $117,191,506, leaving a net indebtedness of $593,344,418, being an average *per capita* over all the cities of $51.17. The heaviest debt *per capita* is found in the city of Washington, where it reaches $141.84. The lowest is found in Denver and Leadville, where the average debt *per capita* of the two cities is only $2.62, The average *per capita* of thirty-two cities in New York is $68.67; of thirty-nine in Massachusetts, $54.67. The purposes for which the bonds were issued are classified under fifteen different heads and the rates of interest under sixteen. These range from 3.65 to ten per cent.

The latest Philadelphia advices report great activity in all descriptions of manufactured iron, and more firmness and some advance in pig iron.

The output of the Leadville smelting establishment, being (say) three-quarters silver and one-quarter lead, was, during the first quarter of 1881, $3,097,820, and during the second quarter $3,403,793.

The Lesseps Canal Company, having paid the first instalment of the purchase price of the Panama Railroad, was allowed (July 7) to name five of the thirteen directors of the railroad company.

A contract was signed in the City of Mexico, August 17th, for the establishment of a National bank with E. Noetzlin, representative of the Franco-Egyptian Bank.

The Toronto *Mail* has Ottawa advices that the revenue of the Dominion for the year ended June 30, exclusive of British Columbia, shows a surplus over the expenditures of $3,500,000.

From Montreal we learn that the Pacific Railway Company has decided to erect shops at Hochelaga, which will give employment to several thousand workmen. The company's mechanical engineer leaves for England shortly to purchase machinery, but the rolling stock is not to be manufactured abroad. The Canadian Pacific Railway Directors have arranged with a syndicate of Montreal and New York bankers to float $10,000,000 of bonds, secured by a mortgage on their land grant in the Northwest. One-half will be placed on the market here in October and the other half in New York. The bonds will bear five-per-cent. interest, and the syndicate has purchased them at 92½. The Bank of Montreal has taken $2,500,000, half the amount allotted to Canada.

During the decade preceding the census of 1871, the natural increase of population was in Ireland 8.1 per cent., in Scotland 14.84 per cent., and in England 16.4 per cent. During the decade preceding the census of 1881, the natural increase in Ireland was a trifle less than eight per cent., having been 423,003 upon a population of 5,411,416. With a slow rate of natural increase and a large rate of emigration, the population of Ireland has fallen off 3,000,000 since 1845.

The *Pall Mall Gazette* says: "It is stated that the Rothschild group will place another 40,000,000 florins of the Hungarian four-per-cent. loan on the market early in September.

£2,000,000 of Cape of Good Hope four-per-cent. debentures were taken in London, June 2, at an average price of ninety-eight and a quarter.

A London dispatch states that the German coal mines have commenced conveying coal to the pit's mouth by electric railways.

In London (July 26th) a new India four-per-cent. loan of £3,000,000 was allotted at a price said to be about equal to 86½, "allowing for difference in exchange."

Of the 967 blast furnaces in Great Britain only 556 are in operation, and reductions in the production of iron are still being made.

New French companies are being talked of, to lend money on long terms upon landed security in Canada, but the Toronto *Monetary Times* thinks the times are not auspicious for ventures of that kind. It says that for such loans, capital is already abundant at six per cent., and even lower than that for large amounts, although as high as seven is sometimes paid for small sums.

The Paris correspondent of the London *Economist* writing on the 4th of August says that the Bank of St. Petersburg, having, in anticipation of heavy exports of wheat from that country this year, decided to sell gold, has already parted with 40,000,000 francs ($8,000,000) and that the larger part, if not the whole amount, has been taken for export to New York in September, it being temporarily employed in Paris at a low rate of interest. The Bank of France has been providing for the anticipated export of gold to this country. On August 4th its report showed a cash reserve of 1,874,806,051 francs, made up of 1,241,887,251 silver and 632,918,800 gold; this differs very slightly from the figures of the next preceding week.

DEATHS.

At Green Bay, Wisconsin, on August 17th, aged fifty-nine years, John H. Addams, President of the Second National Bank of Freeport, Illinois.

At New York City, on August 27th, aged eighty-one years, James F. D. Lanier, founder of the house of Winslow, Lanier & Co., and formerly President of the Third National Bank of New York.

At Nantucket, Mass., on August 16th, aged fifty-six years, Elbridge G. Pearl, formerly Cashier of the Union Bank of Tennessee, Chattanooga, and of the City Bank of Nashville.

At Washington City, on August 24th, George W. Riggs, aged sixty-five, of the Banking House of Riggs & Co.

At Cheviot, Ohio, on July 30th, aged sixty-eight years, James Robb, for many years a banker in New Orleans and New York.

At Montrose, Pa., on August 30th, aged sixty-eight years, William J. Turrell, President of the First National Bank of Montrose.

At Bellows Falls, Vermont, on August 13th, aged sixty-eight years, James H. Williams, President of the National Bank of Bellows Falls.

THE

BANKER'S MAGAZINE

AND

Statistical Register.

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WHAT BONDS SHALL THE GOVERNMENT BUY?

In answering this question, the nature and amount of the Government obligations must first be considered. We may begin by mentioning the bonds bearing three and a half per cent. interest, redeemable at the will of the Government. The amount of these is $578,690,100. Then there are $250,000,000 of bonds bearing four and a half per cent. interest, which are due in 1891. The bonds of the Pacific railroad, guaranteed by the Government, are payable at various times between 1895–99, and amount to $64,623,512. Lastly, all the four per cents. due in 1907, amounting to $738,703,900.

Next, what will be the probable annual surplus? for it is evident that this calculation should be made and considered in determining what bonds ought to be purchased, although, of course, it is impossible to ascertain with certainty the amount of such surplus. It may be varied both by the events of trade and legislation. It is hardly probable that any marked changes will be made in the revenue laws reducing the public income, for a considerable period at least; but a statement so confident cannot be made in respect to expenditures. A pension bill was passed a couple of years ago, the amount needed to satisfy which still baffles the calculations of all who have wrestled with the subject. At the last session, over eleven million dollars were appropriated for rivers and harbors; and the more the revenue increases the greater is the temptation to swell expenditures.

During the last ten years the debt has been reduced as follows:

1871	$94,319,765	....	1876	$29,249,385
1872	100,552,491	....	1877	39,281,118
1873	43,667,630	....	1878	24,371,392
1874	4,730,472	....	1879	8,579,566
1875	14,399,515	....	1880	85,034,970
Total				$444,186,304

Thus the reduction has been about forty-five and a-half millions a year. If, however, we include the year 1870, in which was the enormous reduction of $202,093,614, the average annual reduction would be somewhat more than fifty-eight and a-half millions.

Assuming, therefore, that there will be a surplus of fifty millions annually, what bonds shall be purchased?

Considering the subject from the narrower side of discharging the debt at the least cost, without regard to the interests of individuals, it may be noted that, as the difference of fifty cents on a hundred dollars is paid yearly for interest on the three classes of bonds forming the bulk of the public indebtedness, any sum paid by the Government in excess of the difference of interest, for the length of time the bond is likely to run, is a loss, in light of the fact that the three and a half per cents. can be had at par. The price, therefore, which the Government can afford to pay for the fours and the four and a half per cents. without losing anything, depends on the time those bonds are likely to be in existence.

The bonds of the latter class are due in 1891, and the interest on a hundred-dollar bond would amount, during the interval, to $45. The interest on a three-and-a-half-per-cent. bond for the same period would be $35—a difference of $10. The four and a half per cents. are selling at a premium of thirteen per cent., so that if the Government bought them at $113, it would really pay three dollars more for getting the bond now than it would pay if it waited until the bond matured. The interest on the four per cents., which have twenty-six years to run, would be $104 on a hundred-dollar bond; and the interest on a three-and-a-half-per-cent. bond for the same time would be $91—a difference of $13. As these bonds are selling at $115, the Government, if able to buy them at that price, would really pay but two dollars more for getting them now than it would if it waited until 1907. Thus the Government would lose, in buying those bonds at the present prices, two dollars on every four-per-cent. bond, and three dollars on every bond bearing four and a half per cent. interest.

Which is the wiser policy, to redeem the three and a half per cents. at par, or pay this premium of two or three dollars on every hundred-dollar bond bearing higher rates of interest, in order to obtain them?

If the Government should pay the three and a half per cents. at the rate of fifty millions a year, there would be only

$78,690,100 of these bonds left when the four and a half per cents. matured in 1891. Assuming that the Government would then arrange for their early discharge, at the same rate of reduction, they would be paid in five years. The balance of the three and a half per cents. and the Pacifics would be paid during the next two years. Then there would be a period of nine years, during which the Government would be at the mercy of the four-per-cent. bondholder if wishing to purchase, because all other bonds would be redeemed. It is consequently maintained that, instead of putting the Government into so small a corner, the policy of purchasing from time to time the fours and four and a half per cents. would be the wiser one, as the Government would have a broader field for the use of its surplus, and could employ it to better advantage.

The fact, however, should not be left out of sight that, as the bonds approach maturity the premium on them declines. The following table, showing the premium paid on the fives and sixes that fell due this year, and the fives paid in 1879, is worthy of consideration:

		Sixes. 1881.	*Fives.* 1881.	*Fives.* 10–40. 1879.	
1870	Jan..	118½	—	113⅛	
	July.	115¼	—	108⅞	
1871	Jan..	113¼	—	109⅝	
	July.	116¼	—	113¼	
1872	Jan..	115¾	110⅛	110⅝	
	July.	118⅛	113¾	113¼	
1073	Jan..	119¼	115⅛	115½	
	July.	120⅛	115⅞	115⅜	
1874	Jan..	118⅜	113¾	114¼	
	July.	119	113½	114	
1875	Jan..	119⅝	116	116¾	
	July.	123	118⅞	119¼	
1876	Jan..	122¾	118⅝	119¾	
	July.	120¾	118⅝	119	
	Oct..	119¼	115⅛	115⅞	
	Dec.	113⅞	112⅜	113⅛	
1877	Jan...	114⅞	112⅝	114½	
	April.	114¼	112¼	113	
	July..	112½	112	113¼	
	Oct...	110¾	107⅞	108⅞	
1878	Jan..	107¼	106⅜	108¾	
	April.	107¾	105⅝	106	
	July..	107⅝	107¾	109⅜	
	Oct...	108⅛	106⅛	106⅜	
1879	Jan...	106⅞	107½	108⅜	Jan.
	April.	106¾	105⅛	105⅜	Feb.
	July..	104⅞	104⅞	102¼	Mar.
	Oct...	105½	105½	102	Apr.
1880	Jan...	104⅞	104	—	
	April.	106¼	104	—	
	July..	104¼	104¼	—	
	Oct...	104⅞	104⅞	—	

It will be seen that the premium began to be affected by the approaching payment of the bonds about four or five years before they fell due. Whether the fours and the four and a half per cents. would be affected in the same manner, and to an equal degree, would depend upon several circumstances. If, for example, all the bonds except the fours should be paid by 1898, the premium on these would undoubtedly remain high until the very last, if the Government were a constant purchaser. But if purchases were made now of all the bonds in varying proportions, their premiums would doubtless decline more rapidly as they neared maturity.

The probable worth of money in the future must also be considered. If that is likely to be higher, Government bonds will command a lower premium; but this will be still higher

if the value of money should decline. If its value should rise, the Government would lose by buying the fours and the four and a half per cents. at the present premium; on the other hand, it would be the gainer by continuing the three and a half per cents. instead of paying them. Perhaps the loss in one direction would be balanced by the gain in the other. If money were worth still less than it is now, the Government would be the gainer even by purchasing bonds at the present premium.

There are many other and far wider considerations that properly enter into the solution of this question. How the banks might be affected by the rapid payment of the three and a half per cents., how their circulation might be contracted and the business interests of the country suffer—these and several other weighty points should not be overlooked, and doubtless have not been, by the Secretary of the Treasury, in issuing his call for $ 20,000,000 of three-and-a-half-per-cent. bonds. Nor should his action on this occasion be considered as establishing a settled policy in regard to future purchases.

THE NEW YORK CITY DEBT AND ITS SINKING FUND.

When Sir Robert Walpole, the best financier of his time, established, with the concurrence of Parliament, a sinking fund, he was confident that within a reasonable period the National debt of Great Britain would thereby be paid and extinguished. His sinking fund was to be composed of a few million pounds which, by a wondrous manipulation, not exactly understood by those less wise in the art of finance than himself, would be sufficient in due time to pay a vastly larger amount of indebtedness. No wonder this brilliant discovery was hailed with delight, for the prospect of discharging a heavy debt by the payment of a small sum is, next to discharging such a debt by the payment of nothing, doubtless one of the most pleasing illusions in which the burdened debt payer can indulge. For a considerable period Walpole's sinking fund annually expanded. Within twenty years, however, from the date of its creation, the accumulated treasure was applied toward defraying the ordinary expenses of the Government. When thus suddenly diverted from its original purpose, Walpole was equally confident that he was administering the finances in the best possible manner; nor have we ever read that the collapse of his sinking-fund balloon filled his soul with very profound grief.

Half a century later Pitt revived the scheme, receiving the enthusiastic support not only of his own party, but even that of the opposition, led by Fox himself. Pitt's sinking fund swelled and contracted in a very irregular way during the troublous period when he was at the head of public affairs, and it was not until 1829 that Parliament ceased to display its wisdom on that subject.

Reflecting men, indeed, long previously began to suspect there was a fallacy lurking about the sinking fund, but they could not quite find out where it was until a Scotchman, Robert Hamilton, of Aberdeen, exposed it to the astonishment and shame of many. "He demonstrated to them—so clearly that there was no gainsaying it—that it was a delusion to suppose there was any mysterious self-generating or self-increasing power in a sinking fund, accumulating by compound interest or otherwise, by which the payment or extinguishment of public or corporate debt could be made easier than by the primitive, commonplace, however disagreeable, method of actual counting out of the coin or its equivalent." Hamilton made a genuine discovery, namely, that Walpole was a very accomplished financial juggler, who had successfully deceived some of the best financiers of Great Britain as well as of other countries.

Nevertheless, the conception of a sinking fund has not wholly vanished from the minds of American financiers. It is true the establishment of a sinking fund for the discharge of the National debt is a fiction, inasmuch as the amount thus applied is at once used in buying up the evidences of the public debt, which, as soon as purchased, are destroyed. Our method, therefore, of paying the public debt is the simplest possible, for it consists of nothing more than employing the surplus revenues of the Government to discharge its indebtedness. Congress has, indeed, declared that a certain sum shall be annually appropriated for this purpose—a requirement which has not always been observed, although Secretary Sherman, in his last annual report, affirmed there had been a substantial compliance with the law. It may be questioned, however, whether National honor as well as public interest do not demand a literal compliance with this most salutary enactment.

The City of New York possesses a real sinking fund for the payment of its debt, exceeding thirty-five million dollars. It is worth inquiring, therefore, what is the nature of this fund, and how is it administered?

It is divided into two branches—one branch is applied to the redemption of the city debt, and the other to the payment of interest thereon. The reserves of the former branch for the year ending with July, as stated in the Comptroller's report, are as follows:

Sources of Revenue.	Amount.
Redemption of the city debt, amount raised annually....	$63,212 13
Market rents and fees and market-cellar rent............	297,825 07
Bonds and mortgages..................................	54,125 00
Licenses..	24,124 00
Construction of street vaults..........................	63,948 07
Dock and slip rent....................................	958,238 43
Revenue from investments..............................	1,904,897 01
Interest on deposits..................................	71,060 30
Water-lot quit rent and commutation of quit rent........	4,121 90
Assessments collected under laws, 1878 and 1880..........	548,277 86
West Farms gas tax....................................	680 48
Chamberlain's Commission on State tax.................	5,000 00
Sales of real estate..................................	20,075 00
Total..	$4,015,585 25

And the following are the revenues of the sinking fund during the same period for the payment of interest on the city debt:

Sources of Revenue.	Amount.
Interest on bonds and mortgages........................	$21,947 24
House rent..	14,237 04
Ground rent...	39,036 67
Ferry rent (including $300,000 back rent from Union Ferry Company)..	392,875 51
Water-lot rent..	2,655 82
Croton-water rent.....................................	1,568,712 84
Interest on Croton-water rent.........................	9,130 02
Court fees and fines, Stenographer's fees, and fines and penalties..	109,744 32
Interest on West Farms gas tax........................	82 59
Total..	$2,158,422 05

The amount of the sinking fund, July 31, for the redemption of the debt, was $35,700,932.58. Of this sum $34,779,796.86 was invested in city bonds, and the remainder, $921,135.72, was cash. There has been an increase of $1,339,512.29 to this fund during the year. It may be added that the cash balance at the same date for the payment of interest was $640,407.54. Of course, there is no investment of any portion of this branch of the sinking fund.

Now, it may be asked, as the sinking fund for the payment of the city debt is invested in the debt itself, why not cancel that portion of the debt, and thus extinguish it for ever? What gain can there possibly be in keeping that portion of the fund in existence since the rate of interest it draws, whatever it may be, the city is obliged to pay? Does not the operation simply consist in constantly shifting a certain sum from the city treasury into the sinking fund, and from the sinking fund into the city treasury? Is not this a kind of jack-in-the-box system of finance, which, whatever its origin, is not the product of wisdom?

Yet something may be said in defence of the system; and the Comptroller very clearly shows what advantages may be derived from continuing it. As the interest of the city debt is, in fact, mainly paid out of the Croton-water rents and

other sources than the revenues derived from the city bonds belonging to the sinking fund, the income obtained from that source is entirely free to be employed in reducing the city indebtedness. Hence, if the city continued to pay the interest on its obligations in the same manner, an application of the income derived from the bonds in the sinking fund to the payment of the debt would ultimately extinguish it. It will be seen, too, if the bonds owned by the sinking fund were cancelled, and the sum now paid into the city treasury, which finally goes to pay interest on them, was used to pay the city indebtedness, it would be reduced in the same ratio as it will be by the operation of the sinking fund. It may be said, though, that by maintaining the sinking fund the reduction of the city debt to the extent of the income derived from that fund is rendered more certain.

Another result is achieved by maintaining the fund worthy of consideration. The indebtedness of the city matures at unequal periods and in varying sums. For the next six years the following bonds, payable from taxation, are due:

1882	$1,757,153 94	....	1885	$3,707,949 48
1883	989,949 48	....	1886	3,654,949 54
1884	4,227,535 96	....	1887	10,108,671 00

Now, if taxes were laid to pay these sums as they matured, they would be very unequal; and the only way of avoiding the inequality would be to continue portions of the larger debts, or else accumulate money in the city treasury during the years of lighter payments to be paid when the larger debts become due. But the Comptroller states that the surplus revenues of the sinking fund, besides redeeming the "preferred bonds," which will fall due in the next five years, amounting to $2,150,000, "will be quite sufficient to pay off and finally redeem all the bonds payable from taxation during the same period, without raising a dollar for that purpose by annual taxes." Even the bonds payable from taxation falling due in 1887, he believes can and will be paid off by the sinking fund without resort to taxation, by a judicious management of its revenue and accumulation.

Thus, as the Comptroller declares, the sinking fund performs an important function in effecting a more general and equal distribution of taxes over a series of years. On the other hand, it might be said with equal truth, a tax could be laid that would effect precisely the same result—the burden to the taxpayers in each case being the same. But perhaps there might be a greater temptation to spend money accumulated from taxes than when it is derived by the less obtrusive operation of a sinking fund. In other words, and this is the heart of the sinking-fund system, there is greater certainty of reducing the city debt by means of it than there would be if it did not exist. Its silent and roundabout mode of working is the secret of its effectiveness.

THE AMERICAN DEMAND FOR GOLD.

For several years the United States have been drawing large quantities of gold from Europe without exciting alarm or seriously affecting the discounts of foreign markets. Even as late as last year many millions were drawn from the Bank of France and transported here either direct or through English channels, yet the discount rate was not seriously disturbed. This year, however, when only a small amount has come hither, the alarm has been given, the Bank of England has raised its discount rate, the outside market has sympathized with the Bank and raised its rate, and the Bank of France and the Imperial Bank of Germany have done likewise, and for the same reason, to prevent the further outflow of gold.

One of the fruits of extending the single gold basis of money so rapidly is beginning to mature. So long as England alone, or with a few smaller nations, used that basis no serious disturbance in the monetary world was experienced. Its adoption by Germany affected the London money market somewhat during the period of getting her golden supply; then followed the United States draining France, England and Germany of gold; and lastly, Italy adopts the same policy. Had these nations followed one another more gradually in adopting the gold basis, the effect of such a policy would have been very different from the effects now witnessed. As the supply of gold increased, they might have slowly changed their specie standard without a serious disturbance of any interest. But serious consequences were inevitable from the simultaneous jumping of so many nations into the movement. These consequences, too, were sure to extend beyond the nations adopting the gold standard, to all that had employed it before.

It was predicted by many that when the change was completed in Germany and in the United States, the future demand by those nations would be small and could be easily supplied. But this prediction has not been sustained. The needs of the gold-using nations have not been confined simply to the quantity required to resume and maintain specie payments. German gold flees to Russia and the United States, and new supplies are required to fill the void. The United States continues to draw from England, Germany and France, while India also draws gold from the former country. It is true the wants of Germany are not as great and imperious as when the change from silver to gold was in progress, still her wants even now are not inconsiderable. Getting enough to secure the payment of our obligations in specie has by no means satisfied the demands of the United

States. That point was long ago passed, and yet gold has been flowing hither in large volume, and is likely to continue for a period not easily defined.

How much more is likely to come is seriously asked in the leading financial centers of Europe. Some of the considerations involved in the answer may be briefly noticed.

First, the opinion that the current will run until the United States has obtained a sufficient supply for domestic use, is without foundation. This opinion is entertained by many English economists, but does not square with the facts of our own experience or of theirs. Twenty-five, thirty, forty years ago we needed gold far more than England, yet it went there regardless of our wants. Balances were due to England, which must be liquidated, and when she would not take our commodities nor our securities, she must take specie or take nothing. Sometimes these balances were settled in the latter mode—which it is safe to say is the least agreeable way of all to the creditor. Money commanded high rates of interest, our stock of specie was very small, yet the foreign demand for it at times was just as imperative as though a great abundance existed. Were not our banks generally obliged to suspend when these calls were made? but did this event change the purpose of the foreign creditor? If he needed it, he demanded it, no matter what the result might be to American interests. The "domestic-use" theory might then as well be abandoned; we are not accumulating gold to strengthen our paper system, or to enlarge our circulation. More money may, indeed, be needed just now in the channels of trade and commerce, but gold does not come here to perform that function. It may come in exchange for securities, as did a considerable quantity last year, but it does not come for the purpose of swelling our circulation.

It is imported chiefly to pay the balance, or a portion of the balance, due for merchandise sold abroad. So long as this balance is in our favor gold or American securities will be sent here to pay for it. It is true if money were worth more on the other side of the ocean than here some portion of the balance might be employed there. Formerly, when large balances were due to Great Britain from this country, they would be invested in railroad stocks or other securities. In that way pretty nearly all the stock of the first United States bank fell into foreign hands, and a considerable portion of the stock of the second one. For the same reason balances due to this country may remain for a short time on the other side, because they can be employed with greater profit; but not permanently. It is clear, therefore, that the balance due to this country on merchandise account is pretty sure to return to us without long delay, and if not in the form of bonds and stocks, then in specie.

It is still more evident that importations will not much longer continue without a further advance in discounts, which, in turn, will lower prices. Already in Paris "great stringency in trade" is reported. This is confirmed by the small banks which collect bills and accounts. They complain of the difficulty of getting money. The quantity of paper floated by small retail firms is unusually large. The banks, too, are feeling the pinch. Coin is disappearing from circulation. Nearly all, it is true, remains in the country, but on the first appearance of a scarcity or premium the public begin to hoard. The French are just as intent as other people in getting the most they can for their gold; although the long-continued extraordinary policy of the managers of the Bank of France in allowing that institution to be freely milked, especially for the benefit of the Bank of England, might create a different impression. Having reversed its policy, the consequences are beginning to appear, nor are they likely to be confined to that country. They are sure to spread, and sooner or later will reach our shores. Our breadstuffs will be among the first things to feel the blight. A diminution of prices abroad may lead to increased importations; but in that event production in this country would decline, attended with diminishing prices. A decline in prices abroad, therefore, is a serious thing for us; and it is difficult to see how this consequence can be averted if foreign nations are resolutely determined to check the outflow of gold.

THE HANNIBAL AND ST. JOSEPH CORNER.

Corners are not supposed to be very agreeable places except to young people of a somewhat sentimental disposition. But to corner a great warrior, and a still more famous saint, is, to a certain class, especially, an exceedingly shocking performance. Those who are known by the unclassic name of "shorts"—though the designation is, just now, not altogether inapplicable to them, for if they are not really short, some of them are very much shorter than they were a few weeks ago—have often repeated in the most heartfelt manner the philosophic reflection of the late Mr. D. Drew, "Corners is no good." They believe it; they know it; of nothing in this world are they more certain. Their dislike to cornering has suddenly grown very strong, and stranger still, some of them think the business is highly immoral. This opinion is not generally shared by Wall Street, whose sense of morality the sceptically inclined do not seem to regard as excessively developed. On this point some of them exhibit a see-saw condition of mind; perhaps they are trying to settle down on the

point, but find it is too small for them to rest on easily. What evidently troubles them more is the cost of getting out of the corner, and the effect of the operation on the future business of the street. The *American Exchange* voices this sentiment when it says: "The chief thing to deprecate in connection with such an event is the injury to the commission business, and to the general fabric of prices which inevitably results. The history of every corner is that the people who manipulate it are left with the bulk of the stock, for which they search in vain for a market, and the public begins to think that something is wrong about prices when it is necessary to force the quotations far above value, in order to oblige purchasers. Shrewd men reason that other stocks must be in the same position, dependent solely on manipulation to keep them up, and as they know there cannot be a corner in everything, they either sell out or refuse to buy. This injures trading and lowers the prices of various shares that are perhaps selling not above real value."

The *Evening Post* succinctly describes how a corner injures the stock-brokerage business. It "opens the eyes of those who would speculate to the pitfalls in their way; and the general result is a diminution of speculative transactions, certainly on the 'short' side of the account. Stocks which are sold 'short' create a compulsory demand sooner or later for the stocks sold; and the result is, that when for any reason the holders of shares rush in a body to sell, and there are apparently no buyers for 'long,' there is always a sustaining demand to the market coming from those who have sold 'short.' This demand is often sufficient to check a panic. In any event, it graduates a decline so that prices go down by steps instead of one jump. This is important, not merely to speculators who have an opportunity to liquidate with a partial loss, but to money lenders who have time to see that the loans which they have made are re-margined, or are 'called' while they can be paid. It may therefore be said that a 'corner' is an unfortunate event looked at from any point."

Concerning the legality of these transactions there is less doubt, than of their morality, tried by the Wall-Street standard of morals. Elsewhere we have given an account of two recent decisions bearing on the question. There is but little doubt that courts in other States will follow in the wake of the Pennsylvania tribunal, whenever this question shall be raised. There is no doubt that such business is clearly opposed to public policy; that it partakes strongly of gambling; and that the courts, following the analogy of other decisions, will have no hesitation in refusing to stamp such transactions as lawful.

In this Hannibal and St. Jo. affair considerable sympathy has been manifested for the cornered, but it may be ques-

tioned whether they are deserving of much. Suppose they had been able to issue a large quantity of new stock, by repeating the operation which Mr. Drew once practiced with so much success, when treasurer of the Erie railroad, would they not have bought a printing press and hired a printer, and set machine and man at work? And if, by so doing, they had driven the price down to zero, would they not have regarded the operation as "legitimate?" The "bears" happen to be the losers, but when they sold the stock "short," did they expect to conduct their future movements with regard to it on a loftier moral plane than those to whom they sold? The corner was mainly an accident; a few men suddenly discovered that they held nearly all the stock; they then determined to take advantage of their situation to make something out of it. We question very much if the "shorts" would not have done the same thing if they had had the chance. One of the negative results of this affair, imparting a lighter tone to it is, the winners needed not their gains, for they were rich enough before; while the losers, for the most part, are possessed of ample fortunes, and, consequently, will not be financially embarrassed, but only suffer from a temporary disturbance of their mental equilibrium.

BANKS AND MARGIN CONTRACTS.

The action of the courts in declaring margin contracts illegal is important, not only to the immediate parties, but to banks who have loaned money in these transactions. One of the latest of these cases is that of *Dickson* against *Thomas*, which has recently been tried before the Supreme Court of Pennsylvania. The lower court had given a verdict in favor of the plaintiff whereupon the defendant appealed.

In giving its opinion the Court stated that the evidence of the plaintiff of itself revealed the fact that there had been a mistrial of the case in the court below. In his evidence Thomas, on oath, stated that he had sold for Dickson 500 shares of Pennsylvania Railroad stock short. Thomas, further on, explained by saying that at the time he professed to sell this stock he had no such stock in his hands to sell. He, nevertheless, stated that when he sold these five hundred shares he delivered them. This statement the witness explained by saying that the delivery was made on the Clearing-house sheet, which means a mere settlement of differences. In order to keep up appearances, when the time came for delivery he had to borrow five hundred shares from somebody whose name did not appear, and of those there was no actual delivery, but, as the witness stated, they came through the Clearing House.

All this, the Court said, in common parlance, meant that Thomas sold for Dickson five hundred shares of stock, which Dickson at that time neither had nor intended to have, and that, under the pretense of meeting this contract when it fell due, Thomas pretended to borrow five hundred shares which were not delivered to him; that this altogether fictitious transaction was accomplished through the agency of the Clearing House, and was one in which no other parties were known but Thomas and Dickson, who were to account to each other for differences only.

This, the Court said, was dealing in differences or margins, a wagering contract, and therefore utterly void; and the decision of the lower court was reversed.

A case in some respects similar has recently been decided by the Supreme Court of Michigan. The plaintiff, in May, 1880, advanced $ 10,000 in cash to the defendants for their use in manipulating the wheat market of Detroit for the "May deal." A corner was the output of the scheme, which was to force such parties as had outstanding obligations to deliver wheat to pay high prices, or large differences, for the same. The fact of the receipt of the money was not disputed; only the terms of the contract, or arrangement, were traversed by the defendants in respect to their detail. The court paid no attention whatever to this part of the answer. It accepted the open and unqualified statement of the plaintiff that the money in dispute was obtained for the express purpose of creating a corner in grain. In other words, it was to cause an artificial and unnecessary advance in the market for wheat, in order to take advantage of purchasers who would be obliged to buy. The same measure would cause the same difficulty for all persons, consumers as well as dealers, who were under the necessity of buying wheat.

The Court declared that such a contract could not be recognized or enforced. It is clear, therefore, that those who enter into bargains of this kind do so at their risk, and have no legal remedy if they are not executed. In view of their having no legal existence, it is worth while for banks to be mindful of their steps when making advances to those engaged in such business.

"READJUSTMENT" OF DEBTS.

The farmers of a portion of South Carolina who have had bad crops, propose to "readjust" their debts with eht merchants and dealers in fertilizers, which the latter fail to see, claiming that their prices were regulated by the cost of the articles furnished, and not by the prospective profits on cotton. The farmers propose to declare all who refuse to settle on the pro rata plan public enemies.

NOTEWORTHY CASES OF SET-OFF.

A decision of the Pennsylvania Supreme Court has just been published, bearing upon the important question often arising in winding up an insolvent bank: What off-sets are allowable against the assignee or receiver? The bank in this instance was incorporated in 1867. Bastain subscribed for 100 shares of the stock. Twenty-five per cent. only of the subscription was then paid by him. The bank did business for eleven years, during which time Bastain was a depositor. It failed and made an assignment in 1878, at which time his balance of deposits was upwards of $4,000. As the assets were not sufficient to pay the debts, an assessment of $15 per share was made upon the stockholders; the sum claimed from Bastain being $1,500. In defence of an action to compel him to pay this assessment he claimed to off-set his demand for his balance as a depositor, against the assignee's claim for the amount assessed.

The Court disallowed this claim of set-off upon the general principle that the capital stock of a bank not yet paid in, passes as assets to an assignee or receiver; he has the right to require the directors to make such calls as may be needful, and to collect the money for the purpose of distributing it proportionably among creditors, undiminished by off-sets which the stockholders may claim in some other character; here, that of depositor. The opinion points out that the demand made against Bastain on his subscription was not grounded on any business transactions between him and the bank subsequent to its organization, but originated in the very creation of the corporation. To allow him and others similarly situated to refuse payment of their subscriptions, on the score of their claim for lost deposits, would result in withdrawing from other depositors, and from general creditors of the bank, a portion of the capital which the law required should be provided for the common benefit of all, and applying it to the special benefit of the favored subscribers. If every delinquent subscriber to capital stock could pay his subscription by crediting it against his deposit, what would become of other depositors and creditors? The true view is that all stockholders must pay their subscriptions in full, and must accept their proportion or dividend from the proceeds of the assets.*

A decision rendered last year in New Jersey applied the same principle in the settlement of the affairs of a Savings bank. The Savings bank in question was accustomed, while continuing business, to receive deposits in two forms. Ordi-

* *Macungie Savings Bank* v. *Bastain*, 24 Alb. Law J. 178.

nary deposits were payable only on thirty days' notice, and the depositor was entitled to participate in the profits of the investments made by the bank. Special deposits were also received, which were payable on demand and did not participate in profits. Separate accounts were kept of the two kinds; but the moneys received from the two classes of depositors were intermingled and treated alike in investing. The bank failed, and a receiver was appointed. He found that several of the depositors were indebted to the bank for loans they had received; and their notes or bonds or mortgages given for these loans were made over to him as assets. They, however, claimed to set-off their claims as depositors against the claims held by the bank for the loans. The receiver, therefore, submitted the questions to the Court—whether a depositor was entitled to demand such set-off; and whether any difference was to be made in that respect between the ordinary and the special deposits.

The Court said that no depositor had, either under the charter or in equity, any right to any particular security for his deposit, in preference to any other depositor; but all assets (after deducting expenses) must be held as a common fund for the security of all depositors. Savings banks are, in fact, large incorporated agencies for receiving and loaning money on account of owners; and their receipt of deposits is in the nature of a trust. The fact that one depositor has borrowed from the trust money, which, in fact, is the common property of all, and continues to owe the loan at the time of making the decree of insolvency, will not give him any advantage over his fellow depositors. He is bound, in his character of borrower, to pay the amount of the loan to the receiver as any stranger would be required to do, and he is entitled, in his character of depositor, only to his dividend with others. A depositor cannot secure himself against loss by borrowing from the trust fund to the amount of his deposit.

It was further held that no difference should be made in this respect between the ordinary and the special depositors, since both kinds of deposits were made on the understanding that the bank might invest the money. Neither the fact that the special deposit might be withdrawn without notice, or that it did not participate in profits, forms any reason for giving the special depositor a peculiar privilege of set-off. Had the agreement been that the special deposits should be returned in the very coin or bills received—had they been merely deposits for safe keeping—the owners would not have parted with their property in them, the bank would have acquired only a qualified property as bailee, and the depositors might have claimed a peculiar right to payment in full. But they were delivered to the bank in the same manner and for the same use as

other deposits, and the obligation of the bank in regard to paying the two kinds was the same.*

According to the journals of the day this principle has since been applied and enforced in a case of peculiar hardship. A woman keeping a bank account applied for a loan from a bank, on a mortgage of real property. The application was granted, the loan was promised and the mortgage was made and delivered to the officers of the bank. They gave her credit in her pass-book for the amount of the loan; the understanding being that the money would be drawn in sums as needed for the purposes she had in view. At this point, however, the bank failed. The mortgage passed to the receiver as an asset. In his foreclosure suit the mortgagor claimed to offset her right to draw the loan against her mortgage debt; with this strong equitable ground that she had never received the money for which the mortgage was made. But the Court held that she had voluntarily assumed the two characters of depositor and mortgagor; that her legal position was the same as if she had received the money on delivery of the mortgage, and had then deposited it in the bank; and that she must pay the debt in full and take her dividend as depositor.

STAMPING AND RECEIVING LIGHT-WEIGHT GOLD COINS.

The questions have been raised whether the United States officers have a right to stamp genuine gold coins of the United States for the purpose of indicating that they are below standard weight, and also whether gold coins are a legal tender even if below the weight and tolerance allowed by law.

In making deposits with the Assistant Treasurer of the United States in New York, it is his practice to stamp all gold coins of the United States which are below the standard weight and tolerance allowed by law with the letter L. Such coins the Assistant Treasury refuses to receive on deposit at a valuation in proportion to their weight.

The statutes of the United States bearing on this subject, are the following:

Every person who fraudulently, by any art, way, or means, defaces, mutilates, impairs, diminishes, falsifies, scales, or lightens the gold and silver coins which have been, or which may hereafter be coined at the mints of the United States, or any foreign gold or silver coins which are by law made current, or are in actual use and circulation as money within the United States, shall be imprisoned not more than two years and fined not more than two thousand dollars.

* *Stockton* v. *Mechanics, &c., Bank*, 32 N. J. Eq. 163.

Gold coins of the United States shall be a legal tender in all payments at their nominal value when not below the standard weight and limit of tolerance provided by law for the single piece; and when reduced in weight below such standard and tolerance shall be a legal tender at valuation in proportion to their actual weight.

It has been asserted, that if the Assistant Treasurer can stamp light-weight gold coins because they are light, when the law makes them a legal tender at a valuation in proportion to their actual weight, even if they are light, then any one can stamp them for any reason so long as he does not do it fraudulently. This interpretation of the statute in the light of the action of the Assistant Treasurer is certainly very reasonable. The statute was passed to prevent clipping and debasing of the coin, and the Assistant Treasurer would doubtless declare that by marking the coin he neither clipped it nor debased it, but simply indicated that it was below standard weight.

The Assistant Treasurer having been requested to state by what authority he stamped them, wrote the following reply:

In answer, permit me to refer you to Document No. 122, published by the Treasury Department, containing decisions made during the month of February, 1881, in which will be found printed a letter of the Department, dated the 18th of that month, on the subject of which you make inquiry. That letter, together with one from the Secretary of the Treasury to this office giving his approval of it, contains the authority under which the stamping is done.

The following is the document to which the Assistant Treasurer referred. It is a letter addressed to the Cashier of the Market National Bank, Boston;

Your letter stating that it is the practice at the Custom-house in your city, when a light-weight gold coin is presented for payment of public dues to stamp across its face the word "light," and return it, thus mutilated and rendered unfit for circulation, to the person who presented it, and asking, if this action is in accordance with instructions of the Department, to be furnished with authority for such regulation, has been received.

In reply, I have to inform you that it has been the practice for years for public officers who receive gold coins to place a distinguishing mark upon any which may have been found below the standard weight and limit of tolerance, and such practice has the approval of the Department. This is done to avoid the necessity of testing the same coin more than once, as experience has shown that, when they are simply handed back to the depositor without any precaution of this kind, a cashier may, in the course of business, handle and reweigh the same coin several times in a single day. This course can work no injury to the holder of gold coins which fall below the legal weight and tolerance, as they are not a legal tender at their nominal value, and have a value as bullion only. Very respectfully,

J. K. UPTON, *Assistant Secretary.*

It would seem that the regulations of the Treasury Department, in refusing to receive United States gold coins below weight on deposit at a valuation in proportion to their weight, was in conflict with the latter statute above mentioned. Now that such coins are multiplying, the question is becoming one of no little importance. Why should not the practice of the Treasury Department conform to the statute?

HOW THE GOVERNMENT ACCOUNTS AND DEPOSITS WERE FIRST KEPT.

When the new Government was fairly launched it collected an income from imports and tonnage; spirits distilled within the United States; from fines, penalties and forfeitures; domestic and foreign loans; revenues of the post-office; duties on patents; coined cents, and debts from individuals.

The duties on imports and tonnage were received by the collectors of customs. The duties on spirits distilled within the United States were received by collectors of divisions into which the country was divided, who paid them to the inspectors of surveys, by whom they were paid to the supervisors of districts. The fines, penalties and forfeitures incurred were received by the marshals, who paid them to the collectors of the customs and to the supervisors of districts, except those incurred for crime against the United States, which were sent by the marshals directly to the Treasury. The domestic loans, duties on patents, and debts from individuals were paid into the Treasury without any intermediate agency. Foreign loans were received by the bankers abroad under whose immediate agency they were made. The revenue of the post-office was received by the deputy postmasters, who paid it to the Postmaster-General, and the coined cents were received by the Treasurer of the Mint.

The Treasurer was the medium of all receipts and disbursements of public moneys. All receipts and disbursements must be sanctioned by warrants drawn on and in favor of that officer. These warrants were signed by the Secretary of the Treasury, countersigned by the Comptroller, and registered by the Register. Warrants for receipts required an acknowledgement of the Treasurer in order to discharge the payer; and warrants for disbursements required an equivalent acknowledgement by the person receiving them to discharge the Treasurer.

Five modes were adopted in regard to receipts, each of which may be briefly explained. The first mode was for the Treasurer to draw bills or drafts, under the special direction of the Secretary of the Treasury, on those who had public funds in their hands. Such drafts before leaving the Treasurer were registered and countersigned by the Register of the Treasury, or by a confidential clerk designated for that purpose. This mode applied to money drawn from other countries, as well as to money accruing in the United States, except that foreign bills were always countersigned by the Register himself.

The second mode was by deposits made by the supervis-

ors of the revenue and the collectors of the customs in the several banks, by a general order of the Secretary of the Treasury. As soon as they were made they were passed by the banks to the credit of the Treasurer. The officer making the deposits took duplicate receipts from the bank, one of which he immediately sent to the Treasury, while retaining the other. The bank also made weekly returns, one to the Secretary of the Treasury, another to the Treasurer, specifying the persons making the deposits and the amount of them.

The third mode was by remittances of the supervisors and collectors to the Treasurer. These were generally made in bank bills, though sometimes in bills or orders on individuals; in some cases, however, they were made in mutual credits and in specie. Another mode was by special direction from the Secretary of the Treasury to the supervisors and collectors of the customs to make advances, provisionally, for certain specified purposes; and the last mode was by warrants on persons in favor of the Treasurer.

The four first modes of remitting money to the Treasury in the end were resolved into the mode last described. All advances and payments were always sanctioned by warrants. No party who paid money could be discharged save by a warrant, and receipted by the Treasurer. Bills or drafts drawn by him were either deposited in a bank or remitted to certain public officers or agents, as the Secretary of the Treasury directed.

In respect to disbursements, one mode was by warrants issued by the Treasurer. This was the general method, and the invariable one, when payments were made immediately at the Treasury. The second mode was by drafts drawn by the Treasurer, under special order of the Secretary of the Treasury, registered and countersigned by the Register. The third mode was by a special order of the Secretary of the Treasury to the supervisors and collectors to make advances of money provisionally for certain specified purposes. These directions were never given with regard to any money which had passed to the credit of the Treasurer. The two last modes were finally resolved into the first, so that warrants finally issued for the sums paid either on the drafts of the Treasurer, or under the direction of the Secretary. These were the modes adopted by Hamilton for disbursing the public funds; but in a very few instances there were some slight departures which need not be described.

The forms established for keeping the public accounts therefore, were based on the following principles: No payment into the Treasury was valid, so as to justify a definitive credit to the payer, unless the Treasurer's receipt was indorsed on a warrant in the creditor's favor, signed by the Secretary of the Treasury, countersigned by the Comptroller,

and recorded and attested by the Register; and no payment from the Treasury was valid unless made in pursuance of a warrant on the Treasury, signed by the Secretary of the Treasury, countersigned by the Comptroller, and attested by the Register.

Such is the outline of the system adopted by Hamilton for receiving and disbursing the public funds. The preservation of the system, with only slight changes, by every succeeding Secretary is proof of its excellence. It has withstood the test of a hundred years, and still remains not less effective than when first adopted.

In the beginning public funds were kept in several banks, thus continuing the usage established by the confederation. The Treasurer himself never actually had any public money in his possession. It was, in fact, in a bank from the moment of receiving it until disbursed. The only exceptions were bank bills, orders on individuals. mutual credits and specie remitted by the supervisors of the revenue, and collectors of the customs to the Treasurer. As soon as received they were deposited in a bank to the credit of the Treasurer. Nor did the Secretary of the Treasury or any other officer of the Treasury department at any time have possession of public money, except in a few instances too unimportant to be mentioned.

Previous to 1809 no law was enacted about the deposits, and the Secretary of the Treasury exercised his own authority in making them. During the first three years of the Government the Bank of North America, which was now thriving under a charter from the State of Pennsylvania, was employed for that purpose. The Bank of New York, of Massachusetts, and of Maryland, were next selected and used. When the United States Bank was founded in 1791, this was added to the number. From time to time deposits were placed in other banks. In 1809 Congress required disbursing officers to keep "the public moneys in their hands" in some "incorporate bank, whenever practicable," which was to be "designated for the purpose by the President of the United States." Nothing was said concerning the deposits of collecting officers.

In February, 1811, just before the expiration of the charter of the United States Bank, and after Congress had refused to extend it, Gallatin, who was Secretary of the Treasury, selected other banks as public depositories. The only condition required of them in the beginning was, that in making discounts, preference should be given to those having custom-house bonds to discharge. The reason for imposing this condition was a very just one. The closing of the United States Bank and its branches would doubtless cause a pressure on other banking institutions for pecuniary assistance. Of course, it was of primary importance to the

Government to collect its revenue with facility. Consequently Gallatin exacted this requirement, so that the Government might not suffer from the sudden dissolution of the National bank. Afterwards the Secretary required from each bank a monthly statement of its condition. By order of the President the same banks were used by collecting as well as by disbursing officers.

The deposits were kept in this way until 1816, when a second United States Bank was founded. Its charter provided "that the deposits of the money of the United States, in places in which the said bank and branches thereof may be established, shall be made in said bank or branches thereof, unless the Secretary of the Treasury shall at any time otherwise order and direct; in which case, the Secretary of the Treasury shall immediately lay before Congress, if in session, and, if not, immediately after the commencement of the next session, the reasons for such order or direction."

The Secretary of the Treasury, therefore, retained discretionary power in keeping the public deposits. This power was exercised to a limited extent during the next three years; but in 1832 he employed it in a terrific manner. He removed all the deposits from the National bank and put them in State banks. Their removal fired the entire country with intense excitement, which burned for a long period with undiminished fury. Even when the excitement ceased the evil consequences of the act continued, like the billows of the Atlantic which heave and roll long after the storm which set them in motion has passed away.

The money received by the Government in the beginning consisted of bank notes and specie. Hamilton instructed the collectors of customs to receive certain State-bank notes, payable near the seat of Government, and to credit them as cash when forwarded by mail, or otherwise, to the Treasurer. When the United States Bank was organized in 1791, its notes were accepted as equivalent to specie by the Government. So were the notes of the second United States Bank. This action by Hamilton and his successors was apparently sanctioned by Congress in 1816. After that time deposits were made in specie, or bills of the United States Bank, or of such other specie-paying banks as the Government depositors were willing to receive at par, and credit as cash. The practice of receiving bills on special deposit, which was commenced in 1814 and continued for four years, was discontinued in 1818, and payments thereafter were made in specie or its equivalent.

The Government sustained no losses from the employment of the National banks as depositories. The State banks employed after 1817 were less faithful. From that period until the Government ceased to use them as depositories the losses were very large.

"UNLESS TROUBLE COMES."

"Unless trouble comes" has echoed into a national refrain. Behind each man, from the petty clerk, who ventures his first spec, to the colossal capitalist, who stakes a pile, whose fall would shake the world, a specter is lurking. It is that dread of something unknown, but as popular belief goes, couched to spring and when once sprung, certain to destroy.

This specter haunts the strongest holds of security, and at our late Convention of Bankers, the oldest member declared "that we are verging on a panic, compared with which all former panics will seem as trifles."

Let us investigate this dread; let us learn if there is a force which sooner or later must swoop down and blast our prosperity, or whether it is merely a morbid fancy, infecting the country as a fever, and like Macbeth, seeing imaginary horrors while seated at a table covered with plenty.

The systems of earth move like the planets in fixed and regular orbits. Since God declared by the rainbow that seed time and harvest should ever occur—since man must change his entire composition every seven years—it is claimed that prosperity, speculation and depression will revolve in regular circles, although the latter conditions are often founded on the mere caprices of human temperament. Bagehot, the great economist of England, believed in a revolution of panics, and showed that one occurred in London every ten years. Gibbons, the most practical of American authorities, noted the regularity of panics and traced their effects upon our monetary system.

Upon such authorities we can conclude that man is so endowed as to experience emotions of energy, hope and despair, and as we often witness the rise of stocks the most worthless, over securities the most sound, we see how the emotions named operate upon human affairs, and that hope and fear are prime factors in alternating success and failure. But as in every stormy sea there are crafts which must tack in and hug the shore, and vessels which can breast the fiercest gale, so are there speculators who must scud or sink before every financial storm, while the merchantman, which is properly ballasted, rides unharmed over foaming billows, and as these last are the real carriers of commerce, it is from them we would take our bearings. Scientific men learn the order of things by experiment. If certain causes produce certain results, it is established that the same causes similarly distributed will produce like results again, and so some financial thinkers have reasoned on this scientific basis,

that because periods of great buoyancy have been followed by depression, that as this country is now in a whirl of activity, distress in a corresponding degree, must follow.

This being the theory for croaking, let us briefly review the last panics, and see if the causes which produced them now exist, and if the condition of man is properly expressed in the phrase "unless trouble comes."

In the summer of 1857 the Ohio Insurance and Trust Company was doing an extensive and seemingly prosperous business at its home office in Cincinnati, and its branch office in New York. Besides its business of insurance, it borrowed money and sold bills of exchange which circulated extensively. When it was announced that the New York office had suspended great excitement prevailed, and when a heavy default was discovered in a New York bank which failed at the Clearing House, a panic ensued. Mr. Gibbons shows that this panic was brought about principally by the banks, for as soon as alarm was sounded, and the telegraph was just then coming into use, the banks instead of calming and relieving public pressure—and a few bold actions often stem the torrent of excitement—shut down on everybody, good or bad, and the result was the spread of failure and distress over all the States in the Union.

In 1866 the largest firm in England, Overend, Gurney & Co., after immense speculations in cotton, owing to the late United States Civil War, and after desperate attempts on account of enmity to cripple the Bank of England, made a failure which shook the United Kingdom. But though many failures resulted, and the Bank of England, which holds by law the banking reserve of Great Britain, was sadly depleted, it rallied nobly to the market, and as its governor boasted, "Before the Chancellor of the Exchequer was out of his bed to grant us relief, we had met every reasonable demand that was made upon us," and this relief applied not to depositors drawing their funds, but to advances to borrowers, and though some distress resulted, the bank's action saved the market.

We come now to 1873, when a panic occurred that has no parallel, and for the comprehension of which we must study its own history.

In September, 1873, the banking house of Jay Cooke & Co., a firm recognized as the fiscal agents of the United States which had funded extensive loans over the world, which was no wider than their credit, collapsed with a crash which showed that no order could ever be brought out of its confusion. At home in the twinkling of an eye, and abroad at the flashing of a wire, credit and values swept down under a deluge of distrust and dismay. Everybody holding obligations made frantic demands for cash, depositors besieged banks, debtors shunned them, trust companies

threw securities on a market which could not even accept sacrifices, and the strongholds of credit closed their doors even against hope. Merchants whose credit had stood like towers, not being able to get what was due them, or convert their assets into cash, passed over their accumulations of years to assignees. The extensive railroads which had yielded large revenues, and the mammoth routes being constructed, for whose anticipated value bonds had been negotiated over the world, now that there was no freight to carry and no money to equip, abandoned their enterprise and passed their creditors from plenty to penury, and their proceeds to receivers. And so we might continue through the whole series of industries, of mills stopped because there were no buyers for their goods, of ships lying at anchor because there was nothing to transport, of farmers dallying their seasons because there was no money to make, and if made, no market to sell their crops.

But now we approach the task of comparing the situation of 1873 with the condition of to-day, and of showing, as we hold, that the forces which had then been at work to destroy do not now exist; and granting at this present period everybody *could* become panic stricken at once, it could cause no such disaster as then befell.

In the affairs of men there are certain principles of sound finance, which we ask our readers to observe, for they are the caption of our whole argument, and must reveal the truth or falsity of our position. There are two kinds of capital, available capital or money which is so held that it can be used at any time, and fixed capital or money, which has been so placed that it can only be recovered after a fixed and often distant time, and is entirely useless for any present purposes.

Again, goods are produced to be exchanged, and therefore it is good that they should be exchanged as quickly as possible, and as producers are mainly occupied in producing what others want, and not what they want themselves, it is desirable that they should always find, without effort, without delay and without uncertainty, others who want what they can produce. Now, having stated these principles of success, let us briefly notice some of the causes which injure and depress.

War is a waste of material; it does nothing but destroy. Vast bodies, generally the most useful of men, are taken from productive labor to be fed, clothed and maintained, while they produce nothing to restore the consumption. Immense supplies of wealth in military stores are rapidly destroyed, industries are disturbed and arrested wherever armies pass, traffic of railways and roads are stopped and other complements of industrial energy. In the downfall of 1873, we must take into account the effects of our civil war, for

though in the wake of that terrible destruction we plunged into active expansion, our seeming prosperity was caused by attacking the wealth which still survived, and filling up the gaps caused by consumption, by extra, fresh consumption. And thus, when the lenders of that period called upon the borrowers for settlement; the borrowers had consumed their own substance and that of their creditors, and they could only render up some unavailable fixed capital, which the creditors often found too worthless to receive.

But other potent spirits of destruction had been engendering the miseries of 1873, and these now claim our attention.

Great famines had fallen on important nations. China and India had been plunged into miseries too terrible to relate. England, the great market of the world, had been visited with calamities of the same order, and six bad harvests in ten years had sadly depleted her agricultural business.

A famine is the greatest generator of over consumption. England had incurred the expense of cultivation; laborers had been fed and clothed, their families supported; horses had consumed hay and corn; plows, carts, and other machines had been bought, and, along with fertilizers and other material, used up. The consumption had been vast.

But when harvest time came, if an ordinary season had met the rejoicing farmers, the gathered crops would have restored everything which had been consumed as capital. The stock wherewith to continue the production of wealth, and a surplus from available capital, for enjoyment or savings, would have gladdened the sons of toil. But, instead of this, the weather interfered, and no crop was won. The consumption of the tillage had been incurred and unreplaced by fresh products; capital was destroyed, and if ruin did not overtake the cultivators a second consumption of capital was necessary for one crop, and this, as we have stated, was the condition of England for six out of ten years.

Is it a wonder, then, that the country became poor? that its powers of buying and exchanging were shattered, and that England, along with her neighbors who had lost, learned the fearful lesson that they lived by receiving in return for giving, and that where there was nothing offered there could be nothing sold? And France, too, had suffered agricultural disasters. Her beet roots and silk crops failed, and the phyloxera destroyed the capital which had been expended on the cultivation of her vines. The value of the wealth which thus perished, has been estimated at many millions sterling, a large factor in creating the depression.

But the United States wrote the most melancholy page of that financial history, and the most important one for consideration, as it exhibits most clearly the workings of fixed

and available capital. America opened the decennial period of this review with an over consumption, which not only destroyed the wealth it fell upon, but engendered sources of additional distress that swept in ever-widening circles over the most distant lands. We created a most reckless and unjustifiable excess of fixed capital without counting the conditions or consequences. We built innumerable railways, for the most part in wild regions where no trade or populace as yet existed, which called for the outlay, and could restore the destroyed wealth by development of commerce. Fixed capital is unlike famines, because it is an act of the human mind which man can perform at his will, and for the effects of which he is responsible, and most of the commercial distress of earth has been caused by the blunders of fixed capital. Fixed capital consists of some instrument required for production which does not replace its cost at once, but a portion of it each succeeding year. Thus, a train of cars is fixed capital. It is expected to make a profit every trip, a small part of which is assigned to the repayment of the outlay spent on building the train. Annual repairs are required for wear and tear; these are charged to the cost of running the train. In the course of a certain time the original cost is repaid, the train is worn out, and a new one is built. A surplus is made if, after paying the cost of building and running it, the train is still efficient and goes on working. It is now a tool that costs nothing and continues to create wealth. This shows there is over consumption in the construction of fixed capital; for a time more capital has been consumed than made, the difference is a loss of means. The machine made, no doubt restores what was lost but only gradually. Whatever was consumed in building the train, whether food eaten or other maintenance, is gone, and except the portions successively restored there is a loss of capital. But there are two kinds of over consumption. One which utilizes earnings or surplus of capital, although it consumes capital, takes it in a way that can be spared and so enriches the owner and the country, because the means of production have been increased. The other kind of over-consumption, by taking capital out of channels of activity where it was required, breaks up prosperity and generates poverty, because capital has been consumed which can not be replaced. And here we must mention those terrible conflagrations which, about the year 1872, devastated the cities of Chicago and Boston. For not only did the flames destroy nearly $300,000,000 worth of property, but they disturbed and paralyzed five times that amount of capital, which depended on those cities as channels for its use and exchange.

Now, let us consider the amount of fixed capital we consumed in railways and other forms. We were like a farmer who had an income of ten thousand a year and spent

twenty thousand on drainage. It could not be paid out of savings, for they did not exist, and at the end of the first year he must sell a portion of his farm to pay the cost of draining. In other words, his capital—his estate, his means of making income whereon to live—was reduced. The drainage was an excellent operation, but for the farmer it was ruinous. So was it with us. Few things in the long run enrich a nation like railways, but so gigantic an over consumption, not out of savings but out of capital, brought us poverty, commercial depression, and much misery. Our new railways of that period have been reckoned at some 30,000 miles, at an estimated cost of $50,000 a mile. They destroyed 1,500,000,000 of dollars worth, not of money, but of corn, clothing, coals, iron, and other substances. The connection between such over consumption and commerial depression, is visibly that of cause and effect. But the disastrous consequences were far from ending here. The over consumption did not stop in destroying the wealth used up in making railways and the material of which they are composed. It sent other waves of destruction rolling over the land. The demand for coal, iron, engines and materials, kindled prodigious excitement in the factories and shops; laborers were called for on every side; wages rose rapidly; profits shared the upward movement; luxurious spending overflowed; prices advanced all round; recklessness ensued, and the National capital was wasted, moved by expenditures on the railways themselves. But the rage for over consumption presed on, and carried away foreign nations by its force. Attracted by high prices, they poured their goods into America—materials for the railways and luxuries for their constructors. Their own prices rose in turn; their business burst into unwonted activity; profits and wages were enlarged, and the vicious cycle repeated itself over Europe. Over consumption advanced with greater strides; the tide of prosperty rose ever higher, and the destruction of wealth marched at greater speed.

England took a full share in the excited rush, and by buying our bonds, aided largely in our railway construction. It is said that England bought to the extent of 150,000,000 sterling of these bonds, and paid for them in iron, rails, locomotives, and other products of her industry. And in return she got bits of paper—debts. Her wealth was diminished, and she paid, in addition, the same penalty as we did. Her manufactures were stimulated by this artificial activity of trade to exaggerated production. Higher wages and profits were distributed over the nation, and an immense impulse given to luxurious and needless consumption. But the English ardor for loaning did not end in United States operations. England showered her loans over the globe; ironclads to Turkey; military resources to Bosnia; articles

for wasteful consumption to Egypt; innumerable gratifications to South American Republics; in brief, England stripped herself of her wealth in exchange for nothing but paper debts, and in the crisis which was hastening, it made no difference whether the obligations were given by a solvent or insolvent debtor—England for the time, was emptied, and paper documents substituted in the vacuum.

Meanwhile a destructive war had been waged between France and Germany, with all its attendant evils of over consumption. And when harassed and blockaded France had come out from the struggle she was impoverished from a war that had been waged within her territory. And the gold of the French war indemnity which was expected to prove the salvation of Germany proved her greatest evil. There was already enough gold in Germany to perform her medium of exchanges, and so the Government betook themselves to building fortresses and increasing their standing army. Thus having fixed the bulk of this capital which they wrested from its French channels of use, they loaned the balance to speculative traders who reckoned on an increase of trade in what seemed prosperous times, and who shared the experience of the United States. And this was the over consumption which prevailed over the world and caused the panic of 1873. It destroyed more than it made—it diminished wealth rapidly—but as it was accompanied by increased activity of trade, it gave the impression of great commercial prosperity. It was the same as our condition in this country after the Civil War. The seeming prosperity was caused by attacking the wealth which still survived, and filling up the gaps caused by the consumption by extra, fresh consumption. Had mankind carried out this process to the end, the whole wealth of the world would havè been destroyed in some three years amidst universal enjoyment, and we should have died out like locusts; all would have been devoured.

Thus in part, but as faithfully as space would permit, and largely in the words of a great economist, we have reviewed the panic of 1873. The failure of an American house to meet its obligations shocked the nerve power of the world, and we have stood beside the bedside of the financial patient.

But as the United States had been the leader in consumption and failure, so its vast resources made it the pioneer in recuperation. Without knowing the principles of political economy, we practiced them. We began to save our means, to consume less for enjoyment and to gather our surplus into available capital. Applying the principles that goods are produced to be exchanged, we applied ourselves to manufacturing such goods as could be exchanged readily, and as producers are occupied in producing what others want,

we produced the necessaries of life, and so cheaply and so well, that we have made the world our market, and the demand is only confined to the boundaries of earth. We have regained prosperity in the presence of disturbing forces by great sacrifices on the part of all. Employers have been contented with diminished profits, and workmen with reduced wages. Starting from the basis of mutual aid and endeavor, wealth has increased gradually, as capital has increased by saving, and more commodities have come up for division.

Sunshine has been upon us, and under its healthful rays communities have earned and then sent out prosperity, and so waste places have been built up, and enterprises that were abandoned have been renewed with energy and profit.

We are again at a period of great activity, but all the conditions are changed and the disturbing causes absent, and healthful activity is what God ordered and intended for man. The commercial nations have been free from great and disturbing wars; have escaped famines and plagues; have steadily advanced production to demand, and limited their consumption to surplus capital. Debts that were given up as worthless in 1873, have since been realized upon; railroads that were abandoned for lack of support, have since been completed to meet the requirements of transportation, and are now yielding revenue from capital that had long been fixed. Mills and factories, which had stopped and discharged their hungry operatives, have resumed on full time, and are shipping their lucrative products over the globe. Lands which had been abandoned, and refused for debt as worthless, have, by the emigrants who throng upon our shores, been made valuable and productive, and have sent out their bounties to brighten and bless. The banks which, as shown, caused the panic of 1857, are now secure in available resources, and are eager to loan on borrowers' own time and terms. From war and consequent derangement of the cotton market, which caused the panic of 1866, we have been free, and the south is rapidly controlling its great staple by the laws of demand and supply.

But a great financial act—the resumption of specie payments—has been accomplished since 1873, which, more than all else, makes our expansion stable.

We stand on a broad and safe platform of prosperity, and though every one must keep his house in order, we need fear no panic or distress, but instead a continued activity, for already our fields are white with harvest, and our banks, railroads, and other industries, have poured out full semi-annual riches.

Possessing the land of promise, let us as far as practicable develop our own resources and control our own securities, which, especially Southern stocks, will gradually increase in value, as the most profitable investments of the world. At

the same time let us welcome foreign capital that comes in to benefit our interests; but let us be careful not to mistake large balances for prosperity, and let us guard against locking up too much of our available capital in fixed and often visionary projects. With general good will and mutual aid existing over our land, the united sections shall sail in the ark of human prosperity. And though clouds may darken and storms beset us, yet bearing the olive branch of peace, we shall triumph over all billows of destruction, and while other nations drift amid the whirlpools of strife, we shall, with that righteousness which exalteth a nation, rest upon the Ararat of plenty. JOS. S. BEAN, JR.

THE EFFECT OF PAPER ISSUES UPON THE METALS AND OF SILVER ISSUES UPON GOLD.

In McLaren's *History of the Discussion of the Question of Currency in England*, the following passage occurs:

"Let us, then, suppose that at a time when we possessed our fair share of the gold of the world, Government paper was issued until all the gold left the country, and the market price of that metal began to exceed its mint price, and that the issue was carefully and honestly limited to this amount. This paper would, according to all authority, supply the place of the gold, and no change would be made in prices or in the distribution of property by the substitution."

The case supposed by McLaren is, that of the issue of a British Government paper money, not convertible into gold, but kept at a parity with it by a limitation of quantity. Before proceeding to other comments upon the supposed case, and upon the views taken of it by McLaren, it will be convenient, first of all, to consider in what way the issue of such a paper money would operate to expel gold from the British monetary circulation.

The connections of trade between commercial countries are so numerous and intimate that, in the case of those of them which use a money kept at a parity with the metals, the level of prices in each one of them must bear to the general level of prices in the whole of them a relation which cannot be permanently varied. This relation may oscillate, first in one direction and then in the other, but tends constantly to restore itself. This tendency, which is irresistible, arises from the necessary connection between prices and the volume of money, and from the free international movement of the metals which are the material of metallic money.

When the prices of a country on what is called a metallic basis, get too high relatively to the prices of other countries on the same basis, the imports of such country increase while its exports fall off, until the resulting adverse balance of its foreign trade causes such a drain of its gold and silver, and such a reduction of the volume of its money, as will bring down its prices to the normal level. In the reversed case of the prices of such a country being too low relatively to the prices of other countries, its exports increase while its imports fall off, until there is such an inflow of gold and silver as will restore the normal level.

The same thing would be true of a country not on the metallic basis, provided it was the policy and actual practice of the governing authority to keep the paper money at an approximately steady relation to the metals, of which we have had for many years an example in the case of Brazil. But it is, of course, not true in any degree of a country in which the governing authority regulates the volume of paper with little or no reference to the maintenance of a fixed relation of value between such paper and the metals.

The alternating flow of gold and silver between countries on the metallic basis, as the result of rising and falling prices and of alternating balances of trade, is entirely familiar as a commercial fact of observation, and there is no obscurity in respect to the principles which govern it.

To say that in a country on the metallic basis prices must bear in the long run and upon the average a certain relation to the general level of prices in other countries on the same basis, is to say that the volume of money in such a country must in the long run and upon the average bear a certain relation to the total volume of money in other countries on the same basis. It is upon that principle that the metals diffuse themselves over that portion of the world which uses them as money, in such a way that each country so using them gets what McLaren calls, in the case of Great Britain, its "*fair share.*"

The problem is somewhat complicated by the power of nations to use only one of the metals for monetary purposes, and also by the power which no single commercial nation fails to exercise, of supplementing the metals by paper money.

If Great Britain used nothing but gold as money, its "*fair share*" of that metal in monetary use would be the total amount of the British monetary currency, and necessarily such an amount as would be consistent with, and be determined by, the range of prices which is imposed upon that country by its commercial connection with other countries. But as, in point of fact, Great Britain chooses to use about $100,000,000 of subsidiary silver coins and about $150,000,000 of paper having no reserve of gold behind it, the British

"*fair share*" of gold for monetary use is materially reduced. It would be still further reduced if the Bank of England was permitted to issue £1 notes in addition to its present issues of paper, or if silver was admitted into the British currency in a larger proportion than it now is.

We can now understand why the gold of Great Britain would flow out, if that country, starting with all its pounds sterling in the form of gold sovereigns, should issue an equal amount of paper sovereigns, which is the case supposed by McLaren. The number of pounds sterling of all kinds which it is possible for Great Britain to hold in its currency at a parity with gold, is fixed by the condition that it must be upon the average within limits consistent with a certain average range of British prices. If paper pounds are added to a previously existing stock of gold pounds, normal in amount, or which was, as McLaren phrases it, Great Britain's "*fair share*" of the gold of the world, the excess of currency caused by such addition, must flow out, and the part of the currency which would flow out is the gold, which possesses an international value, and not the paper which has merely a home value and is non-exportable.

The outflow of gold in the case supposed, would not be simultaneous with the additions of paper, but would follow such additions after the lapse of a certain time. The mere addition of paper would not at once expel gold, as the thrusting of a solid body into a vessel already full of a liquid would at once expel from the vessel a cubic quantity of the liquid equal to the cubic quantity of the solid body. There is room enough in Great Britain, in the sense of cubic space, for any conceivable amount of gold and paper combined. The added paper could only effect the expulsion of gold by augmenting the total volume of the currency so as to raise prices relatively to prices in other countries. It is the adverse balance of foreign trade, resulting from such relatively enhanced prices, which would drain off the gold. If the gold disappeared simultaneously with the addition of paper, there would be no augmentation of the total volume of the currency, no rise in prices and no change in the course of foreign trade. In short, there is no reason why gold should disappear simultaneously with the additions of paper, and no such fact has ever been observed under such circumstances.

In the case supposed by McLaren, the outflow of gold would not only not follow the additions of paper until after the expiration of some sensible period of time, but it would never be quite equal to the additions of paper. Great Britain's "*fair share*" of money at every given time is some proportion of the total money of all the nations using a money kept at a gold standard. But this total money is increased by the substitution by any one nation of paper for

the metals, as much as it would be by an equal addition of new metal to the old metallic stock. In the case supposed by McLaren, therefore, this total money of the world would be increased to the extent of the substitution of paper for gold in Great Britain, and the "*fair share*" of Great Britain would be absolutely a greater sum, although the same per centage of the total money. The new paper, if limited to the amount of gold existing at the beginning of the issue of the paper, would not be Great Britain's "*fair share*" of the total money after the issue of the paper, and in order that a "*fair share*" should be held under the changed circumstances, some portion of the old gold would still be retained in the British monetary currency.

Condy Raguet, an American writer on Banking, says:

"Every emission of a paper currency in any country drives out a portion of its coin, and augments the total amount of the currency of the world in the same manner that an additional quantity of gold and silver from the mines would do it; and hence an emission of paper money anywhere must augment the currency everywhere after time has been afforded for its distribution."

Raguet's statement of the case is more accurate than that of McLaren. In the end, an issue by any one nation of paper money kept at a parity with the metals augments the currency, and consequently the prices of all nations whose currency is on what is called a metallic basis, including, of course, the currency and prices of the particular nation issuing the paper money.

McLaren seems to give two modes of limiting the supposed British paper, so that its parity with gold should be preserved. One is, that the amount of the paper should only equal the pre-existing quantity of gold. The other is, that the further issue of paper should immediately cease upon the first appearance of a disparity in the market values of gold and paper. He apparently assumes that these two limits are the same, whereas it would require an issue of paper larger than the previous stock of gold, either to expel all the coins of that metal, or to bring on a market depreciation of the paper.

An error in an opposite direction, and of much greater magnitude, is the opinion which is carelessly held by so many persons that it may fairly be said to be a common one, that the volume of the currency of a country on a metallic basis is enlarged to the full extent of its issues of paper. The truth is, however, that at any given time and under the actual circumstance at such time of any country on a metallic basis, in respect to population and in respect to the aggregate amount of its exchanges, its average volume of money is automatically fixed at such a point as is compatible with a scale of prices bearing a certain relation to

the general range of prices in all countries on the same basis. A particular country may, by issues of paper, cause a rise in the general range of prices, including an equal rise in its own range of prices, but this rise is measured, not by the proportion of the new issues of paper to its own previously existing stock of money, but by the proportion of such issues to the total stock of money in all countries on the metallic basis. And inasmuch as, other things being equal, its volume of money must always bear a certain relation to its prices, the new issues of paper can increase this volume only in the same proportion in which the total volume of money in all countries on the metallic basis is increased, and any greater increase of its volume of money will be checked by the outflow of its coins.

Certain writers in this country, and conspicuously the late Amasa Walker, have insisted that the enlargement of the currency of a country by paper not representing coin, but kept at a parity with it by a supposed redeemability in coin, places such a country at a permanent disadvantage in its trade with other countries, by so raising prices as to diminish exports and unnaturally stimulate imports. According to their view, the protection intended to be given to various industries by American tariffs, has been in this way nullified by paper enlargements of the American currency. They entirely fail to see that while this is the effect of additions to a currency, during the time when they are being made, it is a merely temporary effect, and that in the end, as between countries on a metallic basis, an enlargement by paper of the currency of one of them becomes diffused over all of them. They might as well maintain that, as between the several countries whose currencies are at a gold standard, France is at a disadvantage in trade because it keeps its money expanded in volume by the use of $500,000,000 of silver. In truth, the use of that amount of silver in France, as a permanent fact, is as much an enlargement of the currency of all the countries keeping their money at a gold standard, as it is of the currency of France itself. The same principle applies to the enlargement of the British currency by the permanent issue of $150,000,000 of bank notes having no coin reserve behind them.

It will be apparent that the power of a country on the metallic basis over the volume of its money, will depend upon its relative importance as respects population, commerce and exchanges. Neither Sweden nor Switzerland can sensibly affect the total volume of money in the world by substituting paper for the metals, or by returning to the use of the metals. But it is otherwise with great countries like Great Britain or France, or the United States, in either of which there is in use an important fractional part of the total money of all the countries on the metallic basis,

and a still more important fractional part of the total money of all the countries which are on a metallic basis, and also keep their money at a gold standard. Either of those three nations, by substituting paper for gold, could furnish to the world a supply of that metal equal to five years' outturn of the mines at their present rate of production, and by thus largely increasing the total money held to the gold standard, either of them could largely increase its own "*fair share*" of it.

The case supposed by McLaren is that of a Government paper money kept at a parity with gold by limitation of quantity. The actual case, which has been much more frequent in the history of the commercial world, is that of bank paper, intended to be kept always at a parity with coin by the device of (so-called) redeemability in coin, and with no check upon its quantity except the legal requirement that it shall be so redeemed. That device is, in its essential principles, a false and fraudulent one, and has proved itself in practice one of the worst scourges which has ever afflicted mankind. In Europe it has long been substantially abandoned. In this country it is still a favorite and popular policy, and the freedom of scope which has been given to it is attested by the century of recurring expansions and contractions of money, alternating rises and falls of prices, panics, crises and bankruptcies, which have constituted the commercial history of the United States since they have been an independent nation. It is undoubtedly one of the worst systems of money which has ever been devised, and I shall hereafter discuss it somewhat fully. For the present I make upon it only the single observation, that the average quantity of redeemable paper which can be kept in circulation, is no greater than the possible quantity of irredeemable paper which can be kept at a parity with the metals. The difficulty with redeemable paper is, that its actual quantity at any given time is, ordinarily, a very different thing from its average quantity, and that the range of the fluctuations of its actual quantity, which is often deceptively commended as its elasticity, is enormous and fatal.

We have now in existence in several countries, including our own, a system of money not dating back farther than 1874, under which, while the standard of the money is gold, the actual quantity of it is increased, not only by paper, but by silver coins kept at the desired standard by limitation of quantity. This is accomplished in Holland and in the States of the Latin Union, by retaining their old stocks of silver coins but refusing to strike any more, and in this country by such legislative and executive limitations of the monthly rate of striking silver coins as must, for ten or fifteen years to come, keep them at a market parity with gold. The effect of retaining silver coins in use, as in Holland and

the States of the Latin Union, or of striking new silver coins at a closely restricted monthly rate, as in the United States, is precisely the same as the effect of adding a new paper money to a previously existing gold money. The amount of silver coins which can be retained, or added, consistently with preserving their parity with gold, is governed by the same laws which control the amount of paper which can be added without depreciating it below gold. And the same rule applies, in the case of the addition of silver as in the case of the addition of paper, that in the end it will be an addition to the total mass of the money of all countries on the gold standard, and that in the end the country which makes the addition will increase the money of all other countries on the same standard, in the same proportion as it increases its own.

1. In the case of an added silver money, the currency of a country is not increased to the extent of the addition. It is of no consequence which of the two things, silver or paper, is added. The currency cannot in either case be permanently raised beyond a definite proportion of the total money of all the countries on the same standard. It must be as true of an addition of silver as of an addition of paper, that the greater part of the addition will prove to be in the end merely a substitution for so much gold, which will flow out to the extent necessary to maintain the equilibrium of prices and money between the country adding silver and other countries. Or, if the increase in population and exchanges, of the country adding silver, is more rapid than the average increase in other countries, so that its "*fair share*" of the total currency is an increasing percentage of the whole, which is the actual case of the United States at the present time, either the whole effect, or a part of the effect of adding silver, will be to prevent importations of gold which would have occurred if no silver was added. In all events, the more silver is added, the less gold there will be, either by an expulsion of gold, or by a curtailed import of it, although the diminution of gold will be less than the addition of silver, which, by increasing the total money of all countries, increases the "*fair share*" of the country coining the silver. Many persons declare themselves to be in favor of the coinage of both the metals in this country, but always upon the condition that the coinage of silver be so regulated as not to reduce the use of the other metal. No method of so regulating the coinage of silver is possible, or can be conceived of, and if it were possible it ought not to be desired by those who regard an inflation of the currency as the greatest of financial calamities. But desire it who may, or deprecate it who may, it is not practicable, without a reversal of all the laws which regulate the distribution of the metals among the nations using them, either as their

sole money or as the standard of their money, for the United States to go on forever coining silver, and still to retain as much gold and paper at a parity with gold, as it could retain if it did not coin silver.

2. France has to-day about $500,000,000 of full-tender silver coins, kept at an actual parity with its gold coins of the same denominations. If the rulers of that country should decide to demonetize these silver coins, and throw the bullion which they contain into the sea, or exchange it for Asiatic commodities, or get rid of it in some other way, the currency of France would not be reduced by so great a sum as $500,000,000, or by any near approximation to it. The loss of the silver might be compensated, in whole or in part, by increased issues of paper, and any loss not so compensated would fall in the end, not upon the currency of France, but upon the aggregate currency of all the countries (including France) whose currency was kept at a parity with gold. It would fall in the first instance upon France, but as the withdrawal of the silver coins made progress, the resulting contraction of the French currency would produce a decline in French prices relatively to prices elswhere, diminished imports into France, augmented exports from France, and finally such a flow of gold into France, as would restore the pre-existing equilibrium, but at a lower level, between the money and prices of France and the money and prices of other countries on the same standard of currency.

3. In the case of an added silver money, at whatever relation to gold might be fixed by law, it is as impossible that it should depreciate relatively to gold, as that paper should depreciate, until all the gold is expelled. In any country, with a given magnitude of population and exchanges, the value of money depends absolutely upon its quantity, and upon nothing else, but even those who have doubts of the soundness of that doctrine will not contend that the purchasing power of money can be impaired by manufacturing it out of a material which possesses value, rather than out of a material which has, substantially, no value. If a newly added paper money, the material of which is worthless, will not depreciate if kept within the limits of an old gold money, it is quite irrational to suppose that a newly added silver money, the material of which, at whatever standard of weight and fineness, is at any rate of some value, should depreciate so long as it is kept within the same limits. If *fiat* paper pounds sterling issued by the British Government, not in excess of the previous circulation of sovereigns at a time when such circulation was normal in amount, would be as valuable as sovereigns, which is "*according to all authority*" as McLaren correctly observes, it must certainly be true that an equal number of *fiat* silver pounds sterling, of whatever weight and fineness, would not be less valuable.

A late Secretary of the United States Treasury, Mr. Sher-

man, urged Congress very strenuously to limit the coinage of silver dollars to $50,000,000 as a point beyond which there would be danger of their depreciation, and he insisted that, at any rate, $100,000,000 was a maximum beyond which depreciation was to be looked upon as almost inevitable. Views of that kind derive no support from either experience, authority, or intelligent financial reasoning. To-day we see the market parity of gold and silver perfectly preserved in France, where silver constitutes about one-half the metallic currency, and in Holland, where the proportion of silver to gold is about four to one. The market parity of the metals would not be disturbed in either country if the proportion of silver to gold should rise to twenty to one. So long as any sensible amount of gold remained in actual use in either country, that fact would be a decisive proof that there was no premium on it sufficient to be noticed in ordinary use, because any kind of money on which there is such a premium, passes out of the market and into the hands of brokers who collect it to meet the demands (principally for export) which occasion the premium. It may seem superfluous to add that until a premium arises upon gold, there can be no depreciation of silver, comparing the two metals with each other.

The full-tender metallic money of this country is computed to be at least as great as $600,000,000, and will increase as population and exchanges increase, unless paper money is increased. The National revenues, all of which will be paid in silver if the taxpayers find any sensible degree of economy in making use of that kind of money, exceed $300,000,000 annually. The metallic reserves of the United States Treasury and of the banks [see note] amount to $300,000,000, the whole of which may consist of silver, and certainly will consist of silver if there is enough in existence, and if there is any noticeable depreciation of it as compared with gold. In presence of such facts, the opinion is a most extraordinary one, that such depreciation can occur within any near period, with a present stock of only $100,000,000 and an annual coinage of only $27,000,000. OBSERVER.

NOTE.—In an address to the Bankers' Convention at Niagara, August 11, 1881, Mr. Knox, Comptroller of the Currency, estimated that the gold alone amounted, May 1, 1881, to $520,000,000, and that of that amount $298,000,000 was held by the United States Treasury and by the National and State banks. Since the resumption of coin payments in January, 1879, the banks have converted their cash reserves, previously held in greenbacks, into gold. They did that from their general but mistaken belief that there would soon be a premium on gold over silver, and of course over greenbacks, which are, by law, redeemable in silver at the option of the Government. But the fact that the banks preferred gold for their reserves *when they could and did obtain it without paying a premium*, has no tendency to prove that they would forego the profit of converting their reserves into silver, *if a premium upon gold shall hereafter arise*. It was, in truth, the expectation of precisely that profit which induced them to change their reserves from greenbacks to gold. If a difference arises in the market value of different kinds of lawful money, they will never pay their debts, nor keep reserves for the payment of their debts, in the kind of money which becomes the dearest. There is no rule of morality which exacts from them any such sacrifice, and it would be contrary to all the instincts and maxims of banking for them to make it. If it proves to be true, that gold is at a premium fifteen years hence, they will realize the premium by a sale, and redeem their notes in whatever lawful money may then be the cheapest. But nobody can now foresee which (if either) of the two metals will be at a premium, as compared with the other, so long in advance.

THE PHILADELPHIA BUILDING SOCIETIES.

The following paper was recently read before the American Social Science Association, by Addison B. Burk, of Philadelphia, where the system described has been very successfully developed:

THE GROUND-RENT SYSTEM.

Very early in the history of the city a great deal of thought was given to the very subjects this Association is now discussing. The city was laid out in blocks, with what were then considered broad streets, the blocks themselves were divided into building lots large enough to be healthful, and small enough to be within the reach of people of moderate means; and large blocks, or squares, were set apart for parks or breathing places.

But more important than all this, the building lots for dwellings were sold on ground rent. It was a sale in fee simple, the former owner simply reserving to himself a rent out of the property. The buyer became in fact the owner in fee simple of the lot, but, in consideration of not paying for it in cash, agreed to pay so much rent per annum, and this rent was almost invariably six per cent. interest on the assumed value of the lot. This was the foundation upon which the City of Homes was built. Under it very poor men were enabled to acquire title to a lot of ground on which to erect a homestead, however humble it might be. They were secure against eviction so long as they paid the very moderate rent for their lot, and all increase of value which the growth of the city or their own labor put upon their property went to them. The same system of ground rents prevailed in all the settlements now comprising the City of Philadelphia. There was a wide distribution of property, and as most heads of families owned their houses and lots, there was little demand or need for apartment houses, and few were built. Long before Chicago was thought of or conventions had been held, we had got through with a discussion of the "unit rule" in Philadelphia, and every house, whether large or small, was built for the accommodation of only one family. The custom was soon fairly established, and even when property had advanced in value so that it became more and more difficult for the poorer and more improvident people to own their own homes, and rented dwellings had to be provided for them, fashion, habit or prejudice still impelled each family to have its own dwelling complete in itself. More than a hundred years before building and loan associations had been established in Philadelphia, before the days of co-operation, Philadelphia was a city of homes, made so primarily by the ground-rent system, and kept so by the force of local custom.

PHILADELPHIA HOUSES.

I have no doubt that the general plan of Philadelphia dwelling houses is also due to the fact that, being built to a great extent by people of small means, they were made at first no larger than necessity required, and were gradually extended as the means of the owner permitted and as the size of the family increased. The dis-

tinctive feature of the Philadelphia dwelling for persons of small means is that, whether large or small, it is well lighted, well aired and admits of decent living. Every room in the house receives light and air direct from windows opening on the street or on the yard. Each room, except, perhaps, the kitchen, is entirely separate from all others, that is to say, the occupants may pass by entry ways direct from the street to any room in the house, without passing through other rooms. Each house is also provided with a yard or garden, and these, grouped together in the center of a block, form a broad, open space, common to all the houses above the six-feet fence line, while each yard is, nevertheless, the exclusive possession of the house to which it is attached.

BUILDING SOCIETIES PRESERVING OLD HABITS.

When building societies were introduced in Philadelphia, forty years ago, they simply found a congenial soil and flourished on that account. They did not create, though they may have stimulated the desire for ownership of houses, and at times when sales of lots on ground rents were less common than formerly, they provided a ready means for poor people to obtain houses of their own. It is an old story that the term building society is a misnomer and that Philadelphia building societies are really co-operative savings funds and loan associations, the correct title by which the Boston societies are known.

THE SOCIETIES REALLY SAVINGS FUNDS.

It would be impossible for me to make plain to those of you who are not familiar with the subject the method of doing business in a Philadelphia society of to-day, issuing its stock in series. But you can all readily understand the society and its system in their simpler forms. Let us begin at the beginning, and see how the present societies might have been if they were not actually developed. One hundred men, able to save five dollars a month, agree, in order to strengthen each other in their purpose to save, to put their money together at fixed periods and lock it up in a strong box until each shall have accumulated $1,000. It is plain enough that if each man is prompt in his payments that strong box will be ready to be opened for a division of the savings at the end of 200 months—in other words, if each monthly payment of one dollar represents a share of stock, each share will be worth a fixed par value of $200 at the end of 200 months. No sooner, however, has this agreement to save money in this way been made than one of the members suggests that instead of allowing the money to lie idle, they had better put it out at interest as they gather it each month. The securities for its repayment with the interest being put in the strong box, it will not take them 200 months to accumulate $200 per share. The division of $200 per share may be made at the end of, say, 180 months, when they have only paid $180 on each share. This suggestion is adopted, and now we have a purely co-operative savings fund, with only one distinguishing feature, and that one of great value—the savings are compulsory and made at stated periods. The member does not lay aside in this fund his spare cash as humor to save seizes him, but enters into an obligation to pay so much per month. I am disposed to look upon this scheme as thus far developed as comprising all the essential features of our misnamed building and loan associations.

THE LENDING OF MONEY.

The other branches of business in which they engage, although they give character and name to the societies, are really incidental to the accomplishment of one grand purpose, that of saving money by co-operation and by compulsory payment into the treasury.

Imagine a society formed as here sketched, with no other object than that of saving money and deriving interest from the funds as they accumulate. The first problem that presents itself to the directors is, how to use the money collected the first month.

The purpose of the society will be destroyed if it is not safely invested. Shall it be put in Government bonds, at a low rate of interest, or invested in bond and mortgage, with real-estate security, at a higher rate? If the latter course is adopted, to whom shall the money be lent? John Smith, who is not a member of the society, desires to borrow, but so also does Peter Brown, who is a member. If the society lends to Peter Brown, it will have additional security to that represented by his bond and mortgage—in his stock growing in value month by month. To get this additional security for all the money it lends, and at the same time secure a higher rate of interest for its money than could be obtained from Government bonds, the society determines to lend only to its members. Now, however, it is found that other members besides Peter Brown want to borrow the first month's collections. How shall it be decided between them? Obviously, the fairest plan is to let them bid one against the other, and lend it to the man who is willing to give the highest premium over and above the fixed or legal rate of interest. This course is adopted, and the society finds itself in possession of two sources of profit—interest on loans to its own members, and premiums for the prior use of money collected. It is manifest now that instead of requiring 200 or 180 months in which to accumulate in the strong box enough money and securities to divide $200 per share it will only take, say, 160 months.

FINES AND WITHDRAWALS.

In the course of time some one of the members fails to pay his installment. If this is permitted it is manifest that the member withholding his deposit and depriving the society of its use will, in the end, have an advantage over his fellow-members. He will lose only his proportionate share of the possible profit on this unpaid deposit, but will gain, or may gain, for his personal use the whole of its interest value by other investments. To check this a fine is imposed on unpaid installments or deposits of more than the interest value of the money, so that the fine may serve as a penalty as well as reimburse the society for the loss of the use of the money.

Another member finds that he cannot keep up his payments, or he desires to remove to another part of the country. To accommodate him, the society agrees to open its strong box before the appointed time, give him what he paid in, with some portion of the profit already accumulated, and cancel his stock. Now, it is seen that, incidental to the simple business of saving money and getting interest thereon, there are three sources of profit, namely: premiums arising from competition for priority of loans, penalties collected for non-payment of dues, and profits withheld from members who fail to keep their agreement, and whose stock is canceled. And so we have developed all the features of a Philadelphia building society as it existed thirty years ago.

THE COURSE OF THE SOCIETY.

You can imagine for yourself the course of such a society. At first the demand for money is brisk and premiums rule high. As time goes on the demand slackens, premiums fall off and eventually it becomes difficult to dispose of money to members, and other safe investments have to be found. At last, somewhere between the tenth and eleventh years, when from $120 to $132 have been paid in per share, the strong box is found to contain securities or money sufficient to divide to all the shares (borrowed and unborrowed), $200 each. The society is then, technically speaking, "wound up," though like Grandfather's Clock, it is "never to go again." Each holder of an unborrowed or free share gets $200 in cash. Each borrower is entitled to $200, but he owes $200, for which the society holds his bond and mortgage, so the account is squared by a cancellation of the mortgage.

THE RESULTS TO MEMBERS.

What have been the results? The investor has made ten or twelve per cent. on his money for the average time of his investments. The borrower has paid perhaps eight or ten per cent. for the use of his money, when the nominal market price is only six per cent. But if a fair comparison is made between loans obtained in the open market and loans from building societies, the difference will be found in most cases more apparent than real. That is to say, agents for private capitalists generally demand a bonus for getting a loan; the loan itself is generally not granted for more than three years, and if the market warrants it a fresh bonus will be demanded for a continuance of the loan, or the borrower will be compelled to go again into the market to pay the first lender, and will have fresh conveyancers' fees to pay. This may occur twice in the lifetime of a building-society loan, and when the accounts of two loans are compared, the difference is very frequently in favor of the society loan as a matter of dollars and cents, and always in its favor when the convenience of getting the money, of paying the interest and dues in monthly instalments, and the freedom from worriment about a possible foreclosure are taken into consideration.

I have tried both ways of borrowing money to pay for a home, and have known many others to do the same, and my preference for the society loan, when the premium is not very high, is the result alike of experience and of observation. High premiums, be it observed, are not an unmixed evil. If the premium paid by an individual borrower, though high, is not above the average paid by other borrowers, a fair share of it will be returned to him in the shortened life of the society, and the reduced number of monthly payments he is required to make.

A BUILDING-SOCIETY COMEDY.

There is a small building-society comedy now being performed in Philadelphia, which may fairly be used to illustrate the advantages which may be derived from borrowing money through a building society. A little house, which rented for twelve dollars and a-half per month, was put up for sale. The occupant, who liked it well enough to make it his home, was urged to buy it through a building society. He knew just enough of finances to be in the proverbial condition of a man with a little learning. He would not be such

a fool as to borrow money at a premium, and denounced the societies and their system. His friend, seeing that the house would prove a good investment, bought it for $1500, and the tenant continued to pay $12.50 per month. There was a ground rent of $30 per annum on the house; the thousand dollars required for its purchase was procured from a building society, and the rental money devoted to paying dues and interest. The entire cost of interest, monthly dues, ground rent, taxes and water rent has amounted to just four dollars a month more than the rent. The comedy has advanced far enough to allow me to foresee and tell you what will be the result of the last act, and its moral. By the payment of about $500 in addition to the rent received from the skeptical tenant, his friendly adviser will become the owner of the house worth $1500, subject to a ground rent of $500 or $30 per annum. The tenant might have done the same thing and have lived in the house as its owner during these ten years if he had only known as much about building societies as he thought he knew.

A LITTLE OF THE DARK SIDE.

But every borrower does not profit by building-society loans, and because they do not the societies are sometimes the subject of unjust censure. You will notice that the societies as constituted have nothing whatever to do with the building or even the buying of houses. The money lent by them is generally devoted to building houses or the buying of them, partly, perhaps, because real-estate security for the loan is required; but the borrower, having procured the money as an ordinary loan and given the required security, can do what he pleases with it. He may invest it in business or use it for purely speculative purposes. Whether he profits from the loan depends, of course, very largely upon the investment he makes, and the societies and their system are not in any way to be held responsible for the result, except in so far as they may encourage unwise purchases of property. Now, as a matter of fact, they generally act as a check upon reckless investments. The directors who pass upon loans look almost as keenly after the personal security afforded by the character of the would-be borrower and his apparent ability to carry the loan as to the value of the property to be mortgaged to them. They seek to avoid loans that will give them any trouble, and, in doing so, necessarily act as a check upon extravagant purchases. And such a check is needed, for very few men are content to try to buy for a permanent home a house of the same class as that which they rent. They generally aim higher, so high, in fact, that they sometimes overreach themselves, and, after a struggle, are obliged to give up the house they had hoped to call their own. And here comes in one of the sources of loss to both society and borrower, about which there are many misunderstandings. The full benefits of the system cannot be obtained by any member who withdraws before his shares have reached maturity. If a loan is repaid before that time, whether voluntarily or under foreclosure, the cost per cent. per annum to the borrower is invariably greater than it would have been if he had kept on to the end. The society also generally loses by foreclosure proceedings, through lawyers and agents' fees and costs, or, at least, makes less than it might have made if the loan had been carried until the shares reached par value. In summing up his losses the borrower seldom takes account of the rental value of the house he has occupied for, perhaps, three or four years, and so considers that he has been defrauded by the

system. This is the origin of very many complaints against the societies, and when the story of the sufferer is exaggerated and misunderstood, creates in some minds (particularly those of law makers) a bitter prejudice against the whole system.

One feature of great value in these building societies is, that they help to make men independent and self-helpful. There is nothing pauperizing about them. Even the borrowers get their loans, not as a favor, but as a matter of right, a privilege for which they pay. The man who organizes them in a new neighborhood and helps to develop them in the right direction, does more for the good of the community than the philanthropist who, in helping workmen to acquire homes through gifts of money, puts them under obligations they cannot repay, breaks down their frugal, thrifty habits, and leads them to look forward with a beggar's wistful eye to means of getting money without working for it.

PROSPECTS OF THE FUTURE.

I think we now understand these societies thoroughly in Philadelphia, and that the prospects for the future are very bright, not in the direction of large profits, but of continued usefulness, and all the brighter on that account; for large profits mean costly loans to borrowers, and costly loans defeat the purposes of the organization. Let me say, in concluson, that there is no good reason why this co-operative savings-fund and loan-society system should not be of great benefit to people everywhere, especially if you will take our experience in Philadelphia as a guide against known mistakes of management. It does not require that the people should be given money help to start a society, but only that some good men and true should make known the advantages of co-operation, and aid in giving the society wise direction.

FINANCIAL ACHIEVEMENTS OF THE DUKE OF SULLY.

If Henry the Fourth, the great King of France, was almost always fortunate on the battle field, he was not less fortunate in having for a finance minister the Duke of Sully. A recent number of the *Edinburgh Review* contains an interesting account of the work of this famous minister. It was in the internal affairs of the kingdom, and especially in the administration of the finances, that his influence was chiefly remarkable. In these his merits were inappreciable. In the reorganization of the industry of the country he gave his attention chiefly to agriculture, his rough and rugged nature being rather opposed to the introduction of the silk industry and the manufacture of other fine fabrics, which Henri succeeded in bringing into the kingdom in spite of the objections of his minister. As an administrator his dexterity and power of insight were most remarkable, and he was well versed in the knowledge of artillery and engineering affairs, but he had also great defects which unfitted him completely for diplomatic matters, and which drew upon him an immense amount of hatred among his contemporaries, although much of this was brought upon

him by his inflexible severity in the uprooting of abuses. He was proud, pompous, overbearing, stern, and avaricious. He had, however, one especial quality which recommended him to the king—he was impartial, not to say indifferent, in matters ot religion. Although nominally a Huguenot, he had recommended the king to become a Catholic, and, to the horror of his co-religionists, styled the Pope 'the Holy Father.'

The success of Sully in restoring the financial condition of the country was marvelous. The public debt in 1596 amounted to nearly three hundred millions, that is, to one hundred millions of pounds sterling of our money, an enormous sum for that period, besides the debt of the Hôtel de Ville of Paris, amounting to about forty-one millions, the revenue of the country amounting only to about twenty-five millions, of which, when the charges upon it were paid, only nine millions, that is, about three millions of pounds sterling, remained for public expenditure. In 1609 Henri IV asked for a report on the general condition of the kingdom, and Sully showed that he had paid off a hundred millions of debt, that the arsenals were crammed with arms, cannon, and ammunition, and the ports of the Mediterranean were full of war galleys, while the amount of revenue attributed to public expenditure was not nine millions as in 1596, but sixteen millions, without reckoning four millions coming from the royal demesnes and other sources. And after all the regular expenses had been paid, the king had at his command a surplus of twenty or twenty-two millions, of which sixteen or seventeen lay in corn in the towers of the Bastille, and the remainder was in bills payable at sight. Such was the change produced in twelve years by a wise administration of the finances, to accomplish which Sully necessarily displayed an immense amount of energy and watchfulness. He had hitherto been simply a man of war, and a stranger to civil business, but he entered on his financial career, as it were, sword in hand, and he smote mercilessly right and left into the forest of abuses which he found existent. As Michelet says, he stopped his ears in order not to hear the cries of the abuses which were to be abolished. At every blow they cried, one and all, like the enchanted trees in the forests of Tasso. He inaugurated, in fact, under royal governance, a kind of revolution—a revolution against the usurpations of the rebellious nobility, revolution against the irresponsible authority of the governors of the provinces, revolution against exactions of foreign creditors, the Gondi and the Zamets, to whom the public revenue had been mortgaged, revolution against the holders of public offices, *contrôleurs, receveurs, comptables* of all sorts, who managed to escape from rendering their accounts under the cover of patronage. At the same time he imposed on all the *seigneurs*, both lay and ecclesiastical, who levied tolls on road and river, the condition of keeping roads and bridges in repair under pain of forfeiture. In a few years, under Sully's energetic control, perfect obedience was secured. Commerce was free to circulate, and so were the public forces, and the *seigneurs* were kept in awe by the very communications they had helped to create. The forests were submitted to a system of government control. War was proclaimed against the poachers and the soldiery who had become mere robbers and armed marauders. The rivers, too, were placed under royal protection, and were re-peopled with fish, and it was forbidden to fish in the spawning season. The manufactures and fine fabrics for which France has been chiefly distinguished date from this reign, and the credit of establishing

these must chiefly be given to the king, for Sully was averse to the establishment of any kind of luxurious industries. And it is to be remarked that the finer industries of France have all been created under the influence of protection, while it must be observed that Sully was, in his objection to the establishment of these industries, a stubborn free-trader.

HOW TAXATION RUINED SPAIN.

A German author, Professor Philippsen, has recently written a work in which the system of taxation adopted during the reign of Philip III of Spain, which suddenly brought that proud monarchy down to a very low position among European nations, is, for the first time, very clearly described. The story is eloquently suggestive and a brief glimpse may be given, taken from the last *Edinburgh Review*. The most extraordinary and ruinous tax was that of the *alcavala*, by which a tithe of the price of any commodity was paid to the Government on every transaction of sale and barter. This, the most senseless of all taxes, brought yearly to the State an income of three millions of ducats. Then there were the customs, which existed not only at the boundaries of the country, but between province and province. Professor Philippsen has shown great patience in unraveling the tangled web of Spanish finance history, which was no light matter, considering its utter disorder and the different kinds of taxation prevalent in various portions of the country. A network of inner barriers of tolls and taxes existed in the country to the destruction of all freedom of commerce, each one of which formed a division between different systems of finance. Thus, in Andalusia, the divisions of the ancient little Moorish kingdoms still existed, and the customs and finance were levied in five districts just as if each was an independent kingdom. Imported goods coming into the interior from the coast had to pay tithes for harbor dues, called *el diezmo de los puertos*, and the Government, thinking it wrong that goods proceeding in a contrary direction should not be taxed in a similar way, invented tithes for harbors existing by fiction in the interior of Spain, and called 'the tithe of the dry harbors,' *el diezmo de los puertos secos*. In Seville there existed a special tax levied on goods exported to the Indies, called the *Almoxarifazgos*. Wool, the chief article of export of Spain, paid a tax first of one-tenth, a value which was then augmented by two-sevenths. But the wool was not even sufficiently taxed on the exportation. The Spanish finance minister found means to tax it even on the backs of the flocks of sheep which traveled backwards and forwards, in spring and autumn, from the plains of Estremadura to the mountains of Asturia. These paid the yearly tax called *servicio y montazgo*. In Seville one-half per cent. besides the *alcavala* was paid for all goods bought and sold in the town.

Every industry in Spain was taxed in a fashion which made it surprising that any manufacture remained in the country. It is evident that the tax of the *alcavala* itself was sufficient to kill most industries, for if a manufactured article began by being taxed in the raw material, and then was taxed afterwards at every stage of its process towards finish, it would clearly in many cases end by

paying more in taxation than it was worth. We have, too, before mentioned the disdain of industrial pursuits which prevailed throughout Spain; it is not surprising then to learn that among an indolent people gambling was a favorite occupation, and the taxes paid on playing cards amounted in value to nearly half of all the taxes paid on manufactured goods. Monopolies also contributed to the income of the country, and the whole of the indirect taxes of Spain amounted to about 7,613,852 ducats or pounds sterling—a sum greater than the whole present revenue of Belgium without that derived from railways, and the wealth of Belgium must be immensely greater than that of the poverty-stricken Spain at that time. When to the indirect taxes of Spain are added the direct taxes, those levied on the clergy, the *quintos* or fifth parts taken from the precious metals imported from South America, the extraordinary gifts exacted from the Cortes and provincial assemblies, the whole yearly revenue of the Spanish monarchy amounted to about 25,000,000 ducats. And this money was forced out of the pockets of a starving people, for whom the Government did nothing in the way of helping them to the best privileges of social and civilized life—which did nothing in the way of providing them with means of transport by land or by water, which was one of the first objects of care with Henri IV. And besides this the people had their Church tithes to pay. 'Is it a wonder,' asks Professor Philippsen, 'that under such intolerable burdens, and under such disadvantages, every kind of production has sickened more and more under Spanish rule?'

The expenditure of the country is still more difficult to calculate than its revenue on account of the reckless and confused fashion in which money was thrown away in accounts. A great portion, as has been seen, was squandered on favorites. Lerma, [the chief minister and real ruler of the kingdom,] would get from the king presents amounting to 50,000 or 100,000 ducats at a time by the announcement of the arrival of the silver fleet. The great drain upon the Spanish exchequer was the constant war with Flanders. Spain was, in fact, tributary to Flanders. It was reckoned in 1608 that she had expended 200,000,000 ducats on her wars in the Netherlands. But not only the Netherlands, Italy also, even Hungary and Dalmatia, were constant drains on the Spanish resources, for the prestige of the House of Hapsburg had to be maintained all over Europe. All over Europe, too, crowds of Spanish pensioners were scattered about; there was hardly any court on the continent where any movement was going on in which Spanish spies, and Spanish bribes, and Spanish intrigues were not flourishing. But the worst drain of all upon the Spanish budget was the debt left by Philip II, which amounted at the accession of Philip III to 100,000,000 ducats at extravagant interest—some portion of them at sixteen per cent. For the payment of this debt the greater part of the revenues were pledged to the State creditors, who were mostly Genoese. As the debt went on increasing more and more of the revenues became pledged to pay the interest of the debt, so that at last nothing remained for court expenses, and in the spring of 1608 none of the royal officers had received any pay for a year and a half, and seemed to have no hope of getting any, and their state of misery offered a frightful contrast to the prosperity of the favorites. To avoid bankruptcy, or a general arrest of all the movements of the State, the Spanish Government in 1601 hit upon a characteristic device, and this was to send out sealed orders from Madrid to all the corregi-

dors and presidents of tribunals in Spain to be opened only on a certain day. When the day came it was found that the orders contained injunctions for taking a catalogue of all the gold and silver plate in the possession of nobles, ecclesiastics and private persons, with a view of confiscating a portion of it to the public use. The edict, however, excited such opposition that it was never carried out. The Government then hit upon a stranger method of raising money. In 1604 they obtained a brief of the Pope for giving absolution to all Portuguese suspected of Judaizing in return for a good round sum of money. In this manner 1,860,000 ducats were raised, to the disgust, however, of the orthodox, and especially of their archbishop and others, who protested against the *autos da fe* being defrauded in this manner. They then had recourse to the commonest but most ruinous course of all bankrupt and dishonest governments—the alteration of the value of the coin. In October, 1603, it was declared by a royal edict that all copper, double and four-maravedi pieces, should pass for double their value. The Government contrived by this means, by taking up all the old copper money and uttering it again at double value, and by issuing more copper money, to clear about £ 6,320,440. The consequence of this decree was that gold and silver disappeared from the country. They attempted to remedy the matter by substituting an alloy of silver and copper for the copper, but the effect remained the same.

After the first eleven years of Lerma's rule the financial condition of Spain may be summed up as follows: The capacity for payment of taxes had been so strained to the uttermost that the power of enduring taxation at all diminished year by year. More than four-fifths of the revenues of the country were mortgaged to creditors. There was such a deficit in time of peace that it could only be covered by pledging still more of the State revenues, and these depended on such contingencies as the arrival of the silver fleet from South America.

The wretched condition of the provinces in Spain, and the senseless method of taxation, had a most unfortunate influence on the well-being of the population. The pages of the most loyal writers are full of complaints of the misery of the people. The general poverty of the population was subject of mockery with the foreigner, who declared that *Espagne* should be called *Espargne*.

THE WEALTH OF ENGLAND.—The London *Bankers' Magazine* estimates the possessions of British capitalists at $ 17,325,000,000, producing an annual income of $ 885,000,000. This money is invested in various ways. Their investments include the bulk of the British National debt—$ 3,750,000,000; bonds of the colonies and foreign countries, $ 3,750,000,000; Indian Government and railroad stocks, $ 900,000,000. These are the principal items, but large investments are made in canals, railroads, shipping, iron manufactories and other kinds of industrial enterprises. The income, if divided *pro rata* among the population, would give each person in the United Kingdom about $ 23 a year. It is estimated that one-half comes from abroad. Every January, thirty-two million pounds sterling—$ 160,000,000—is distributed among holders of securities. About one-half as much falls due in February, a little less in March than in February, but more in April than any month except January and July. The payments in the last six months of the year correspond with those of the first in the order of occurrence.

CURRENT EVENTS AND COMMENTS.

CONDITION OF THE NATIONAL SINKING FUND.

At the beginning of the fiscal year 1881 there was a balance of very nearly $50,000,000 due the Sinking Fund. The amount due this fund for the fiscal year 1881 was about $40,000,000, thus making a total of $90,000,000 to be paid before the first of last July, in order to meet all the matured obligations of the Treasury to the fund. It appears, however, that although the public debt was reduced over $100,000,000 during the fiscal year ended June 30, only about $70,000,000 of redeemed or purchased bonds were placed to the sinking-fund account, thus leaving a balance of $20,000,000 due the fund at the beginning of the current fiscal year. This balance, added to the $42,000,000 due for the current year, makes a total of $62,000,000 to be paid before July 1, 1882, provided that all the requirements of the fund should be met at that date. The only practical effect of the action of the Secretary of the Treasury in paying only $70,000,000 of the amount due the sinking fund, instead of meeting the entire obligations of ninety millions during the last fiscal year, is to reduce the requirements of the fund for the current fiscal year by about one million, or whatever the interest on the balance of twenty millions due the fund might have been. The inquiry has been started why the Secretary should have postponed the payment of this balance till the present fiscal year, as no good reason appears for his doing so.

THE WORLD'S NEXT GRAIN CROP.

An official estimate, made recently at Vienna, of the quantity of grain which the various grain-growing nations of the earth will be able, during the next year, to export, contains the following figures: North America, 35,000,000 hectoliters; Russia, 20,000,000; Austro-Hungary, 15,000,000; Chili, La Plata, India and Egypt, 7,000,000; Australia, 5,000,000; Turkey and the Danubian States, 5,000,000. This shows a total available export of 87,000,000 hectoliters. Of imports it is estimated that the amounts required by the various countries will be as follows: England, 40,000,000 hectoliters; France, 18,000,000; Germany, 12,000,000; Italy, 4,000,000; Switzerland, 4,000,000; Belgium, 3,000,000; Spain and Holland each, 1,000,000. Here is shown a total of 83,000,000 hectoliters, or 4,000,000 hectoliters less than the quantity available for export.

MUTILATED SILVER COINS.

Numerous letters have been received at the Treasury Department asking whether the United States coins with holes punched in them or otherwise mutilated, are thereby diminished in value, and, if so, how much? Secretary Windom has declared, "There is no law or regulation authorizing the redemption or exchange by this Department of any coins of the United States on account of their being mutilated; but mutilated silver coins will be purchased as bullion by any Mint of the United States, and it is presumed that holders of such coins can also dispose of them to brokers or to dealers in bullion in like manner, in which case, of course, their value will vary according to the amount of metal in the pieces and the current price of silver bullion. The Department can suggest no other relief to holders of such mutilated coin. Public officers are not expected or required to receive any coins so mutilated as to be unfit for circulation, except by purchase at the Mint, as before stated."

LOSSES OF GOLD FROM ABRASION.

The Boston *Commercial Bulletin* says: "That since the resumption of specie payments $200,000,000 have disappeared from sight, and of this a large part is gold. It is calculated that there is a serious wear of the gold that is shipped West. Perhaps the fact is not generally known that gold wears very fast. It is issued by the Government at a maximum weight, and a minimum weight is fixed, below which it will not be full legal tender. A few months' wear actually brings it below this limit under ordinary circumstances. The wear and sweating will aggregate enough on the mass of gold in circulation to make a heavy loss to the people. This may seem like making a fine point on the gold question, but what we have stated is true, nevertheless."

"BETCHLER'S GOLD."

The editor of an Alabama paper has been shown a rare gold coin, which is described as follows: It is about the size of a silver quarter, a shade thicker, the color of "old gold," and is inscribed as follows: On one side—"Carolina gold. Aug. 1st, 1835. 140c. 20 carats." On the other side—"C. Betchler. At Rutherf. 5 dollars." The history of this coin is thus given: A gentleman by the name of Betchler owned and worked a gold mine in North Carolina about the date shown on said coin. At this time transportation facilities were not so good as they have become since, and the means of communication were much more limited. On this account Betchler found some difficulty in getting his gold dust to market and to the mints, and he formed the idea of coining it himself. Not wishing to infringe upon the Government or to be considered a counterfeiter, he ascertained the exact amount of gold contained in the different varieties of gold coin coined by the Government, made his own dies and coined his gold dust in his own name, stamping his own name and value upon each as shown above. This was known throughout North Carolina as Betchler's gold, and passed among the people of that State and elsewhere where the facts were known as readily as the gold coins that bore the stamp of the Government mints.

MINNESOTA STATE RAILROAD BONDS.

The recent decision of the Supreme Court of Minnesota in regard to the Act passed last March, providing for the payment of the "Minnesota State Railroad Bonds," which the holders had agreed to compromise at fifty cents on a dollar, is regarded as a victory for the debt-paying party, although it breaks up the per-cent. plan of settlement, because it distinctly empowers the Legislature to pay the bonds without submission to the people. The result, probably, will be that the whole debt will be paid, principal and interest. There is talk of a special session for this purpose.

The decision is as follows:

First—That the constitutional amendment of November 6, 1880, providing that no law levying a tax for making other provisions for the payment of interest or principal of the bonds denominated "Minnesota State Railroad Bonds," shall take effect or be in force until such laws shall have been submitted to a vote of the people, and adopted by a majority of the electors of the State; voting on the same is invalid, for the reason that it impairs the obligations of those bonds.

Second—That the act of March 2, 1881, is unconstitutional and void, because it delegates legislative powers to the tribunal created by it.

Third—That a writ of absolute prohibition should issue and be served by any elector of the State on or before the 18th day of September, 1881.

Since this decision was rendered Governor Pillsbury has issued a proclamation convening the Legislature in extra session on October 11th, to take such measures as it shall deem proper to provide for the payment of the bonds.

DREDGING GEORGIA RIVER BEDS FOR GOLD.

Two companies have been organized for the purpose of working the river beds of the Georgia gold belt. They propose to work with boats made on a patent given to the International Vacuum Dredging Company. . . . The boats under this patent are built with large and ample decks and with large covered pipes that reach from the deck of the boat to the bed of the river. When the boat is in position and the pipe rests on the river bed the vacuum is made by condensing steam in the pipe, and the atmospheric pressure forces the mud and sand to the bottom through the pipe on to the deck of the boat. . . . The process is very rapid, and immense quantities of dirt can be brought into the boat within the course of a day. . . . Great results are expected from this invention, as it lays, at small expense, the river beds open at the hands of the miners.

TAXATION OF THE STANDARD OIL COMPANY.

The refusal of the Board of Public Accounts of Pennsylvania to allow an adjustment of the account of over $3,100,000 settled against the Standard Oil Company, has compelled that corporation to prepare a statement in the nature of an appeal from the settlement of the Auditor General's Department of Pennsylvania, showing the business of the company, which this corporation has heretofore endeavored to conceal from the public. The company claims that even if it be taxable, the amounts charged against it are out of all proportion to the dividends. The company claims that the fiscal officers of the State have not made sufficient efforts to procure an exhibit of the company's business on which to base taxation, and that they had no power to estimate an account against it, as they had done in their settlement.

SUCCESS OF COTTON MANUFACTURES IN THE SOUTH.

The Augusta factory in Georgia having 25,184 spindles and employing 673 operatives, has paid $276,000 in dividends in the five years ending June 15, 1878. The capital stock is $600,000, and the dividends have amounted to an average of 9 2-10 per cent. a year. From 1865 to 1878 the Augusta factory paid dividends averaging 15 per cent. a year. Beside this the company has invested $460,000 of undivided profits in real estate and new buildings and machinery, and the balance to the credit of profit and loss is $110,000 more than in 1865. In the Langley factory in South Carolina for six years, ending in 1877, the net profits of the mill have been $330,940. The capital stock is $400,000, and the profits have averaged over 13½ per cent. a year. The Graniteville factory, in South Carolina and near Aiken, has paid $299,650 in dividends in five years, or an average of 9.32 per cent. a year on the capital stock of $600,000.

SOCIETIES IN AUSTRIA.

The Austrian Statistical Office gives some interesting facts in relation to joint-stock companies, associations and friendly societies. The Vienna correspondent of the London *Economist* states that all these societies have increased in number, notwithstanding the crisis. There has never been a decrease except in 1874, when 132 societies ceased to exist. On the whole, there were in 1868 5,196 societies which gradually increased to 11,417 in 1873, and since 1874 they again increased to 13,106 in 1878. The joint-stock companies alone in 1868 numbered 182, with a capital of 759,500,000 florins. By the commencement of May, 1873, they numbered 799, with a capital of 2,073,000,000 florins. In 1878 they were reduced to 460, with a capital of 1,431,000,000 florins.

ELECTRIC LIGHT IN INDIA FACTORIES.

The Manchester (Eng.) *Examiner* says: "Night work in the cotton mills by the aid of the electric light is a new feature in the spinning and weaving industry in India; and the management of the Nagpur factory has shown a commendable spirit of enterprise in introducing it. The mill is lighted by forty-five lamps, the illuminating power of which equals some 36,000 candles. The mill is kept going, with the aid of double sets of work people, night as well as day. The light is produced by three Gramme machines, two of which are worked by the large engine that drives the mill machinery, and the other by a small horizontal fixed engine. Each of the three machines can keep twenty lights burning, but in practice it is found that forty lights only are required for the whole building."

DISCOVERY OF PETROLEUM FIELDS IN INDIA.

Further discoveries of petroleum fields are reported, this time from India. It appears that one company is now working a portion of the fields in Akyab, two others have been started with a similar object, whilst the Indian Government has granted to one party, a Mr. Savage, under a thirty-years' lease, certain tracts, which are subject, however, to a duty of five per cent. on the net proceeds after the expiration of three years from the date of the lease. He has already started work on his possessions, and is obtaining about twenty barrels of oil daily from depths little beyond 200 feet, with European artesian boring appliances.

WAGES IN INDIA.

A letter from Bombay says: "There are about 25,000 men, including a few boys, employed boating and loading and unloading ships in the harbor of Bombay, hardworking men as you will find anywhere under similar conditions of climate, whose average wages are six annas=seven and one-half pence a day. How do they live? Quite as well as they seem to desire, upon four annas a day. Their clothing costs very little; the men in the harbor wearing next to none, and those on shore and in the mills and workshops very little more. I should judge that about one-third of the population of Bombay is, practically, altogether unclothed. But they seem healthy and cheerful, and apparently quite content. I have watched them days and weeks at most laborious work, and have never seen a sulky look or heard a word of complaint. And the females work as hard as the males; and, as females do everywhere, dress very much better. They are fond of bright, showy colors—crimson, green, violet and yellow. They dress with much taste, in flowing and folding garments; never wear corsets or torment themselves to get into dresses that cannot be donned on a lamp post."

COTTON MILLS IN INDIA.

The following table from the just published "Indian Blue-book", shows the state of the Indian cotton industry at the close of March, 1880:

No. of	*In Bombay.*	*Elsewhere.*	*Total.*
Mills	44	14	58
Spindles	1,163,036	307,794	1,470,830
Looms	12,221	1,086	13,307
Men employed	13,700	5,561	19,261
Women employed	4,673	1,175	5,848
Youths employed	3,972	931	4,903
Children employed	3,094	1,683	4,777
Total employed	30,187	9,350	39,539

Mr. Morgan Brierly, a British cotton spinner, has been investigating the question of cotton manufacturing in India. He takes a very favorable view of the prospects. Writing from Bombay, he says: "Bombay manufacturers need no protection. They are not trammeled by any vexatious restrictions upon the hours of labor. They have the raw material at their mill doors, and labor is exceedingly cheap. They have a warm, moist climate, very suitable for the processes of spinning and weaving; and if coal be dearer than it is in England, they need less of it than English manufacturers. The Hindoo is an intelligent, teachable, tractable, and industrious operative. I availed myself of an invitation to visit the mills of one of the largest and most successful spinning and manufacturing companies in the city, where nearly 2,000 hands are employed, all of whom, from the manager to the tiniest piecer, are natives except the chief engineer, an Englishman.

DIVIDENDS IN INDIA COTTON MILLS.

The shareholders in Bombay cotton mills are reported by the Bombay *Gazette* to have reason to be satisfied with the past season's work, all well-conducted mills having paid good dividends, averaging from nine to fifteen per cent. on paid-up shares of stock. Reserve funds have also been added to, and incumbered mills have in many instances been in whole or in part freed from debt. Mills owned by firms or individuals are noted as being more prosperous than those operated by joint-stock associations.

INDIA RAILROADS.

The railroads now building in various parts of Bengal, and those which are projected there, indicate rapid progress in the extension of facilities for rapid intercommunication between the districts of that rich province of the Indian Empire. Of lines being now constructed or extended, there are six, the chief work being the completion of the Central Bengal scheme, which includes four lines in all. One of them is 342 miles long, another eighty-two, another eighty-two, and a fourth forty-seven. Five lines have either been surveyed or are in project. One of them, running through Chota Nagpore, will form the link of a direct Calcutta and Bombay road.

BISCAY AND MEDITERRANEAN SHIP CANAL.

The prospects for building a ship canal in Spain, from the Bay of Biscay to the Mediterranean, through the Valley of Garonne and the Aude, are somewhat favorable. State engineers originally estimated the cost of it at 1,500,000,000 francs, but others who have made a survey say the canal can be dug for less than half that—say 700,000,000 francs. The Conseil General of Aude has adopted a motion in favor of the work.

WHEN CHECK ON BANK OPERATES AS ASSIGNMENT OF DEPOSIT.

UNITED STATES CIRCUIT COURT, E. D. MISSOURI, MARCH, 1880.

German Savings Institution v. *Adae.*

B, a banker, in payment of moneys collected by him for C, gave his check on the D bank for a sum less than the amount to his credit in that bank. Before the check was presented for payment B made an assignment for creditors, of which the bank had notice. *Held*, that the check operated as an equitable assignment to C of the deposit to the amount named in the check, and that C was entitled to such amount in preference to the assignee for creditors.

ACTION OF INTERPLEADER—THE FACTS APPEAR IN THE OPINION.

McCrary, C. J.

This case is submitted upon an agreed statement of facts, from which it appears:

(1) That on the 16th day of December, 1878, the firm of C. F. Adae & Co., bankers, at Cincinnati, Ohio, being indebted to their correspondents, H. L. Newman & Co., at East St. Louis, Illinois, made and forwarded their certain bill of exchange (or check) of that date on the German Savings Institution, a bank in St. Louis, for $ 1,072, to the order of said H. L. Newman & Co., the same being proceeds of a collection theretofore made by said Adae & Co. in the ordinary course of business between them and the said H. L. Newman & Co.

(2) The said bill of exchange received by said Newman & Co. on the 19th day of December, 1878, and about noon of that day was presented at the banking house of said German Savings Institution for payment, which was refused.

(3) On the 18th day of December, 1878, the said C. F. Adae & Co. became insolvent, and on that day, at Cincinnati, Ohio, made an assignment in writing of all their property to Augustus Bennett and Philip Henry Hartman, in trust for the benefit of their creditors, which assignment and trust was on the same day accepted by said assignees.

(4) Upon making said bill of exchange, December 16th aforesaid, said Adae & Co. charged themselves with the amount thereof in their general account with the German Savings Institution.

(5) On December 16th the amount on deposit with said German Savings Institution to the credit of Adae & Co. was more than the sum of said bill of exchange; and on December 18th, at the time of said assignment to Bennett and Hartman, the balance on deposit, as owing from it to and the property of said Adae & Co. on said general account, was $ 4,037.25.

(6) Notice of the assignment to Bennett and Hartman was received by the German Savings Institution on the 19th day of December, before the presentation for payment of said bill, and by reason thereof payment was refused. The German Savings Institution, by bill of interpleader, asks the direction of this court as to the proper disposition of said fund. Bennett and Hartman, as assignees, claim the entire fund under the assignment from Adae & Co. to them. Newman & Co. claim a portion thereof under the bill of exchange executed to them by said Adae & Co. on the 16th of December for $ 1,072.

The controversy is thus seen to involve the question whether the execution and the delivery of the bill of exchange for $ 1,072 was in equity, in view of the facts above recited, an assignment *pro tanto* of the fund in question. It has been frequently decided that the holder of a check drawn on a bank cannot sue the bank for refusing payment of it, in the absence of proof that it was accepted by the bank or charged against the drawer. *Bank of Republic* v. *Millard*, 10 Wall. 152; *Marine Bank* v. *Fulton Bank*, 2 id. 252;

Thompson v. *Riggs*, 5 id. 663; *Rosenthall* v. *Maslen Bank*, 21 Alb. Law Jour. 28, and cases cited.

If, therefore, this were an action by a check holder against the bank upon the check, there could be no recovery. But such is not the case. This is a bill of interpleader in equity, by which the plaintiff, a bank holding the fund in question, declares its readiness and willingness to pay as the court may order, and the controversy is as to the equities of the other parties who are adversary claimants of the fund. The rule which protects a bank from being harassed by suits brought by check holders has no application to a case of this character. We are at liberty, therefore, to inquire which of the claimants here has the better right in equity to the fund in question? There are undoubtedly numerous respectable authorities which sustain the doctrine that the execution of a check in the ordinary form, not describing any particular fund, does not operate as an assignment, equitable or otherwise, of funds of the drawer in the hands of the drawee. *Attorney-General* v. *Ins. Co.*, 71 N. Y. 325, and cases there cited; *Randolph* v. *Canby*, 2 N. B. R. 296.

But, on the contrary, it was held by this court in *Walker* v. *Siegel*, 2 Cent. L. J. 508, that the rule thus broadly stated seems to apply only to cases at law, and that "such an order, as soon as notice is given to the drawee, works an assignment in equity;" and this view is well sustained by authority. *Roberts* v. *Austin*, 26 Iowa, 315; *Forgarties* v. *State Bank*, 12 Rich. L. Rep. (S. C.) 518; *Munn* v. *Burch*, 25 Ill. 35; 1 Daniel, Neg. Inst., §23; Willard's Eq. Jur. (Potter's ed.) 464.

There is certainly no good ground for holding that a check or a draft drawn upon a fund in bank is not an equitable assignment as between the drawer and payee; and in a case where there is no controversy as to the rights of the bank or drawee it does not lie in the mouth of the drawer or his assignee to say that such an instrument is not an equitable assignment. If it were conceded that as a general rule a check drawn upon a part of a fund in bank will not of itself operate as an assignment *pro tanto*, it is very clear to my mind that this is a case which a court of equity might well regard as an exception to any such general rule. As already suggested, the holder of the fund has come voluntarily into a court of equity, bringing the fund with him, and disclaiming all interest in it, asks the court to dispose of it as between the checkholder and the assignee, according to equity. It is a case, too, in which it appears that in equity the fund was the property of Newman & Co. before the check was executed, being the proceeds of a collection made for them by Adae & Co. As between the parties who are now claiming this fund a court of equity would have decreed the payment of it to Newman & Co. on the ground that Adae & Co. held it for them as the proceeds of a collection made as their agents, and therefore proceeds of their property. *Superintendent, etc.*, v. *Heath*, 2 McCarter (N. J.) 22; *Overseers of Poor* v. *Bank of Virginia*, 2 Gratt. 544. It is well settled that the principal may follow his property into the hands of his agent or factor and recover it *or its proceeds* from him. *Veil* v. *Admr. of Mitchell*, 4 Wash. 105; *Bank* v. *King*, 57 Penn. St. 202; *Buch* v. *Forsyth*, 14 Bush, 499; *Cook* v. *Tallis*, 18 Wall. 332.

An assignee for general creditors can assert no claim that was not good in the hands of his assignor. *Roberts* v. *Austin*, 26 Iowa 315; *Hagerty* v. *Pulmer*, 6 Johns. 437; *Walker* v. *Miller*, 11 Ala. 1067; *Clark* v. *Flint*, 22 Pick. 231; Burrill on Assignments, 483, 484, and authorities cited.

If there had been no assignment, and this were a controversy between Adae & Co. and Newman & Co., it would, I apprehend, hardly be contended that the right of the latter to a decree for the money could be questioned. Such a decree would only give them their own—the proceeds of their property, to wit, certain choses of action left with their agent, Adae & Co., for collection, and by them collected. As the assignees can assert no claim as purchasers, and have no equities which did not belong to the assignors, I am clearly of the opinion that the defendants Newman & Co. are entitled to a decree for the amount of the face of their bill of exchange, to wit, $1,072. The balance of the fund, after payment of costs, should go to the assignees.

Decree accordingly.

ASSIGNMENT OF BANK STOCK NOT TRANSFERRED ON BANK BOOKS.

UNITED STATES CIRCUIT COURT, MASSACHUSETTS, MAY 21, 1881.

Continental National Bank v. *Eliot National Bank.*

The by-laws of the Eliot National Bank provided that its stock should be assignable only o the books, and that when the stock was transferred the certificate should be returned an cancelled, and a new one issued. The owner of stock assigned his certificate with power of attorney to the Continental National Bank as collateral security for a loan. *Held*, that this assignment to the latter bank was valid against an attachment of the stock by the former bank in an action by it against the owner of the stock.

ACTION IN EQUITY TO COMPEL A TRANSFER OF BANK STOCK BY BANK, OR FOR DAMAGES—THE FACTS APPEAR IN THE OPINION.

LOWELL, C. J.

R. B. Conant was the cashier of the Eliot National Bank of Boston, and owned 158 shares of its capital stock. Each of its certificates contained these words: "Transferable only on the books of the bank by the said Conant or his attorney, on the surrender of this certificate." The Continental National Bank of New York was the regular correspondent of the Eliot Bank. In April and May, 1877, Conant borrowed $9,500 of the Continental Bank, in two sums of $5,000 and $4,500, and sent them as collateral security certificates for ninety-five shares of stock of the Eliot National Bank, with a power of attorney to transfer them upon the books, but they were not so transferred. The by-laws of the bank provide that the stock shall be assignable only on the books; that when stock is transferred the certificate shall be returned to the bank and canceled, and a new certificate issued. In July, 1878, Conant confessed to the directors of the Eliot Bank that he had embezzled the funds of the bank to the amount of about $70,000. They required him to resign his position as cashier, which he did, and he has since been convicted, and is now serving a sentence of imprisonment for his fraud. The Eliot Bank attached his shares in an action which is still pending in the Superior Court for Suffolk county. Afterward the Continental Bank sent to the Eliot Bank the certificates and powers of attorney, and demanded a transfer and new certificate, which was refused. This bill is filed to require the transfer to be made, or for damages, or other relief. Conant is made a defendant and the bill as against him has been taken *pro confesso*. The officer is likewise a defendant, but it is admitted that no decree can be made against him.

The only question of fact in dispute is whether the Eliot Bank, before attaching the shares, had notice that they had been pledged or mortgaged to the complainants. Conant testifies that at the meeting of the directors at which he confessed his misdoings, he was asked what assets he had, and mentioned certain shares of mining stock and other things; and that the president asked about these bank shares, and was informed of the fact that they were pledged to the New York bank for their face value. Conant, soon after leaving the directors' room, consulted Mr. Morse, an attorney of this court, who went at once and saw the directors before they had left the bank; and he testifies that he was told there by some one or more of them that this stock was pledged. On the other hand, none of the directors remember such a conversation; and some of them are confident that none such can have occurred. If it occurred, it is admitted that the attachment could not hold because the attaching creditor had notice of the transfer. *Black* v. *Zacharie*, 3 How. 483.

I am inclined to think that the affirmative evidence must prevail in this case; but there is so much doubt in my own mind, that I have thought best to examine the disputed question of law, whether the attachment would take precedence if made without notice to the attaching creditor of the unrecorded transfer.

The arguments have been very thorough on both sides, and a great many cases have been cited. It has been very ably urged that by the law of Massachusetts the attachment would have the preference. This I consider doubtful; but the decision does not depend upon the law of Massachusetts.

1. It is not important to consider whether the contract was consummated in Massachusetts or in New York. The negotiability or transferable quality of the stock of a National bank depends upon the laws of the United States. *Dickinson* v. *Central National Bank*, 129 Mass. 279. In *Merchants' Bank* v. *State Bank*, 10 Wall. 604, the admitted law and usage of Massachusetts, where both the National banks were situated, and where the transactions took place, were wholly disregarded by the majority of the Supreme Court. The negotiability of foreign scrip in England is not governed by the law of England, but by the law of the foreign country, which may be proved by the general usage of brokers and others dealing with such scrip. *Goodwin* v. *Robarts*, 1 App. Cas. 476. The time and mode of attaching property, and its effect in general, are part of the law of the forum; but its operation upon unrecorded transfers of shares in National banks is regulated by the law which creates the shares and provides for their conveyance and registration. That law is section 5139, Revised Statutes, which provides that shares may be transferred on the books of the association in such manner as may be prescribed by the by-laws or articles of association. Such a law, in Massachusetts, might possibly mean that creditors could attach the shares as the property of the recorded owner. *Blanchard* v. *Dedham Gaslight Co*, 12 Gray 213. I have already said that I doubt if this is now the law of Massachusetts, and I shall return to the subject presently; but that law favors attachments in certain classes of cases to an unusual extent.

2. It is a general rule that creditors, whether they proceed by an attachment on *mesne process*, seizure on execution, creditor's bill, or through an assignee in bankruptcy, must take their debtor's property subject to all equitable as well as legal charges, liens, or opposing titles. Willes, J., in giving judgment in the Queen's Bench in 1868, in a case quite analogous to this, against the right or seizing shares of the apparent owner, said that it was a rule applied by that court more than a hundred years before, in the analogous case of the statutory execution under the bankrupt law, that the creditors can have no more than a debtor was entitled to in equity or at law. *Pickering* v. *Ilfracombe Ry. Co.*, L. R., 3 C. P. 235, 251.

It has been the law of the Lord Mayor's Court in London, from the time of Richard I, that an equitable assignment of a *chose in action* should prevail against an attachment. *Westoby* v. *Day*, 2 E. & B. 605. This application of the rule obtains in Massachusetts, and in the United States generally, though a few courts hold otherwise. *Drake on Attachments*, ch. 24; *Thayer* v. *Daniels*, 113 Mass. 129, and cases cited

The doctrine is so familiar that I will merely cite authorities to show that it is the general rule in Massachusetts as well as elsewhere. The exceptions to it in this State I will consider afterward. See *Wakefield* v. *Martin*, 3 Mass. 558; *Dix* v. *Cobb*, 4 id. 508; *Kendall* v. *Lawrence*, 22 Pick. 540; *Kingman* v. *Perkins*, 105 Mass. 111; *Thayer* v. *Daniels*, 113 id. 129; *Boston Music Hall Ass'n* v. *Cory*, 129 id. 435.

3. The incorporated property of the shareholder in a company of this sort is represented by his certificates; and if these are conveyed, the failure to record the conveyance is not evidence of such a constructive fraud as sometimes arises from the possession of chattels after the property has been parted with. On the contrary, it was proved in early cases to be the usage, and is now adopted by the courts as law based on such usage, that the possession of the certificates, with a power to transfer them, is *prima facie* evidence of title; and if, in fact, the possessor has given value, his title cannot be impeached even by subsequent purchasers who did not receive the certificates, much less by creditors of the transferrer. In late cases these certificates are likened to bills of lading and other *quasi* negotiable securities. See *Black* v. *Zacharie*, 3 How. 483; *Bank* v. *Lanier*, 11 Wall. 369; *Johnson* v. *Laflin* (S. C. U. S.), 12 Cent. L. J. 440; *U. S.* v. *Vaughan*, 3 Binney 394, approved in

U. S. v. *Cutts*, 1 Sumn. 133; *Finney's Appeal*, 59 Penn. St. 398; *Wood's Appeal*, 10 Weekly Rep. 125; *Smith* v. *Crescent City Co.*, 30 La. Ann. 1378; *Bridgeport Bank* v. *Schuyler*, 34 N. Y. 30; *McNeil* v. *Tenth Nat. Bank*, 46 id. 325; *Winter* v. *Belmont Mining Co.*, 53 Cal. 428; *Fraser* v. *Charleston*, 11 S. C. 486; *Strong* v. *Houston R. Co.*, 10 Weekly Rep. 28; *Broadway Bank* v. *McElwrath*, 13 N. J. Eq. 24; S. C., 24 id. 496; *Prall* v. *Tilt*, 28 id. 483; *Merchants' Bank* v. *Richards*, 6 Mo. App. 454; *Canant* v. *Seneca Co. Bank*, 1 Ohio St. 298; *Duke* v. *Cahawba Navigation Co.*, 10 Ala. 82; *Ross* v. *S. W. R. Co.*, 53 Ga. 514.

In many of the foregoing cases there were laws providing for the transfer of shares upon the books of the company. But the courts held that this registration was intended chiefly for the convenience of the company, to enable it to know who should have dividends and who should vote. No doubt it is sometimes intended as a record of persons liable for the debts of the company, and is so in the case of National banks; but the great weight of authority is that it is not intended for the benefit of creditors of the individual shareholders. Some of the courts hold that the unrecorded transfer passes only an equitable title; others, that it gives a legal title. I assume that by the decisions in the courts of the United States only an equitable title is acquired. That point is unimportant.

4. The statutes of many, perhaps of most, of the States, provide that certain conveyances of land and of chattels shall be recorded, and that until record is made a conveyance shall have no effect excepting between the parties, and in most cases those having actual notice. An attaching or seizing creditor, without notice of a prior conveyance, is undoubtedly within the words of these statutes; and so such creditors have come to be treated, and even spoken of, as in some sort purchasers. A few of the statutes requiring registration of the shares of companies follow the exact language of these registry laws, and declare that no unrecorded title shall be good, or only against persons having notice. In California, even such a law is held not to avail creditors (*Winter* v. *Belmont Co.*, 53 Cal. 428); but in Maine and Massachusetts the decision, and perhaps the better one, is that such a law must be construed like other similar registry laws. *Skowhegan Bank* v. *Cutler*, 49 Me. 315; *Rock* v. *Nichols*, 3 Allen 342. It was in this state of things that the case which is the support of the defence here was decided. In *Fisher* v. *Essex Bank*, 5 Gray, 373, the charter of a bank incorporated in Massachusetts provided that the shares should be transferred only at the banking house, and upon the books of the company, and the court held that an attaching creditor could hold against an earlier unrecorded transfer for value. I have studied this decision with care. It seems to proceed upon the theory that by the charter, which is a public statute, there can be no such thing as an equitable transfer, or at any rate, none except by a sort of equitable estoppel between the parties, and that it was a part of the intent of the act that a creditor at law should have the legal right to attach the legal title. This decision has been followed in Illinois (*People's Bank* v. *Gridley*, 91 Ill. 457), but rejected in the other States, so far as their courts have passed upon it. It is sometimes spoken of as being the law of Connecticut and Vermont, but the early cases in the former State are much modified by *Colt* v. *Ives*, 31 Conn. 25. The case cited from Vermont (*Rice* v. *Curtis*, 32 Vt. 464) is not in point. It is opposed directly to many of the cases already cited under the third point, and to the general principle that attaching creditors are bound by all equities, including equitable estoppels. It has moreover been seriously modified, if not wholly overruled, in Massachusetts, in *Dickinson* v. *Central Nat. Bank*, 129 Mass. 279, printed, but not yet published. The Central National Bank had a by-law like that now in question, and A, the owner of ten of its shares, had transferred them by way of security, precisely as Conant transferred his shares, and afterward became bankrupt. The transferree, till later, sold the shares at public auction, under his power, after due notice to A, and to his assignee. The bank, notwithstanding a notice and demand by the assignee in bankruptcy, transferred the shares to the purchaser. The assignee sued the bank for damages but was defeated. Colt, J., delivering the opinion of the court, says that *Fisher* v. *Essex Bank*

ubi supra, does not apply, because in that case the charter had the force of a general law, but that a by-law has no such effect (citing *Sargent* v. *Essex Marine R. Co.*, 9 Pick. 201), and that in the absence of such a general law the transferree took an equitable title which should prevail against the assignee in bankruptcy of the transferrer. The only circumstances in *Fisher* v. *Essex Bank*, not found in *Dickinson* v. *Central Bank*, are these: (1) The law in the former case contained the word "only"—that the shares should be transferred only so and so; (2) that an attaching creditor and not an assignee in bankruptcy was concerned; (3) that the law governing the company was a Massachusetts law which might be differently construed from a National banking act. The first and third points, of course, are the same in this case as in the later one in Massachusetts. The second is not sound in this court; an assignee and attaching creditor stand precisely alike, according to the law which governs this controversy.

5. The doctrine of *Dearle* v. *Hall*, 3 Russ. 1, confirmed in *Foster* v. *Cockrell*, 3 Cl. & Fin. 466, is much relied on by the defendants. This doctrine is, that of two innocent purchasers, of merely equitable interests, he shall be preferred who first gives notice to the trustee or holder of the legal title. To this there are several answers: 1. Though the corporation is for some purposes a trustee for the shareholders, the latter have an independent legal property in their shares which they can convey, and whether their actual conveyance is legal or equitable is of no consequence. 2. The doctrine applies in England only to purchasers and not to creditors seizing or attaching, even though a statute gives a right to seize all shares standing in the debtor's name in his own right. This statute was once held by the Queen's Bench to mean that the creditor might seize what the register showed to be apparently the property of the debtor (*Watts* v. *Porter*, 3 E. & B. 743); but this has been overruled, on the ground that the Legislature cannot be supposed to have intended to take one man's property for another man's debt, without the most explicit statement of such a purpose; and therefore the "right" refers to the equitable as well as legal right. *Dunster* v. *Lord Glengall*, 3 Ir. Ch. 47; *Scott* v. *Lord Hastings*, 4 K. & J. 633; *Beavan* v. *Earl of Oxford*, 6 D. M. & G. 524; *Eyre* v. *McDonald*, 9 H. L. 619; *Robinson* v. *Nesbitt*, L. R., 3 C. P. 264; *Pickering* v. *Ilfracombe Railway Co.*, id. 235; *Gill* v. *Continental Gas Co.*, L. R., 7 Ex. 619.

A few courts in this country have carried the doctrine of *Dearle* v. *Hall* so far as to uphold the garnishment of a non-negotiable debt which had been equitably assigned without notice. We have already seen that this is not the law in England nor in Massachusetts. Neither is it the law of the United States generally. Drake on Attachments, ch. 24; *Cornick* v. *Richards*, 3 Lea. 1. The Supreme Court of Tennessee in that case refused to extend the rule to shares of stock, though it applies in that State to *choses in action*. As shares are not *choses in action*, and as attaching creditors are not purchasers, *Dearle* v. *Hall* is not in point.

6. It remains only to cite two decisions of the Supreme Court, which, in principle, are decisive of this case. In *Bank* v. *Danier*, 11 Wall. 369, a National bank was required to make good to the holder of an unrecorded certificate the value of his shares, although they had been transferred on the books to a subsequent purchaser for value. That purchaser, to be sure, was not before the court, but if his title was better than that of the plaintiff, the bank was justified in transferring the shares and would have had a perfect defence. *Dickinson* v. *Central Nat. Bank*, 129 Mass. 279; *Gill* v. *Continental Gas Co.*, L. R. 7 Ex. 232. If a purchaser for value could not hold against the holder of the unrecorded certificate, *a fortiori* of an attaching creditor.

Bullard v. *The Bank*, 18 Wall. 589, is in the same line of thought. It decides that certificates of shares in National banks are so far negotiable, or *quasi* negotiable, that a by-law of the bank, which undertakes to make them subject to the debt of the transferrer to the bank itself, is void. On the same ground it was held that a by-law like that of the Eliot National Bank, if intended to give attaching creditors a better title than transferrees who had not recorded their certificates, was void. *Sargent* v. *Marine Ry. Co.*, 9 Pick.

201. Here, again, the argument is *a fortiori*. If the bank cannot create a lien by its by-law, much less can it obtain one indirectly, by attachment, upon the construction of an ambiguous by-law.

My conclusion is, that the attachment of Conant's shares cannot prevail against the complainants' earlier title, whether that is equitable or legal. There is no conflict of jurisdiction, because no State court or officer has taken possession of anything. The question is merely one of title. A bill in equity will lie, because the complainant company has, or might have, a right to require the shares to be transferred to it. As values are at present, it would be more just to enter a decree for the debt due the complainants, and interest, which would have a considerable value for the defendant bank if the present market price holds. I understood counsel to say that the precise form of the decree could probably be agreed on.

Decree for the complainant.

THE HISTORY OF WALL-STREET CORNERS.

The recent corner in Hannibal and St. Joseph common stock, whereby the price has been forced up from about 57 to more than 200, has created so much excitement of late in the financial world that it is worth while to explain what a corner is, and the history of the more prominent ones that have occurred in railroad stocks. The *Evening Post* thus describes a "corner." The bear element in the market consists of all those who think that prices of securities are higher than they ought to be, higher than the facts warrant, higher than they can permanently remain. In order to take advantage of the unwarranted inflation of values, as they understand it, they borrow stocks and sell them at the high prices prevailing, expecting to be able to buy them in at lower prices before it becomes necessary to return the borrowed securities. For instance, A borrows from B 1000 shares of Hannibal and St. Joseph, which is selling at sixty. A pays B $60,000 cash, and agrees to return the stock on demand, when, of course, the money will be refunded to him. It is for B's interest to lend the stock, because he gets the interest on the $60,000 during the interval, or at all events more interest than he would otherwise have to pay for the use of the same money. Under ordinary conditions B, the lender of the stock, will pay A, the borrower, something for the use of the money, but if the particular stock wanted by the bears is scarce it will be lent flat; that is, the borrower will receive nothing for the use of the money while the loan continues. In extreme cases the lender may even get a commission for the use of stock in addition to the interest on the money which it represents. If the market fluctuates while the loan continues the borrower and lender settle with each other at the close of each day, so that the amount of money shall at all times be exactly equivalent to the value of the stock.

When the bears, or any portion of them, have discerned a weak spot in the market, that is, a security selling for more than it is worth in their opinion, they borrow and sell it liberally. Their selling has the same effect in putting down the price as though the stock were absolutely their own, and their expectation is that other holders observing a decline in price will become alarmed and sell also, thus putting down the price still more and frightening still other holders. They intend, of course, to buy enough at the lower scale of quotations to deliver back what they have borrowed, pocketing the difference. It sometimes, though rarely, happens that a few persons, discovering what the bears are about and believing that they (the bears) are strong enough to stand a heavy loss without breaking, quietly buy up all of a particular stock that exists. In order that the price may not be forced up while they are themselves buying, they lend stock freely to the bears, and thus encourage the latter to sell. When they have secured all or nearly all of the

particular stock that exists they call in their loans. The bears are then compelled to buy, and since no stock or very little is for sale, the price can be forced up to any figure at which the cornering party chose to put it. This is what has happened in Hannibal and St. Joseph. The shorts must come up and settle on such terms as may be dictated to them. But the last result is to leave the cornering party saddled with the whole issue of the stock in question. Whether they make or lose by the operation will depend upon whether they can extort from the bears more than enough to compensate them for the loss they may incur in reselling the stock to the general public. Most commonly the cornering party, as well as the cornered, lose money—which has been gained meanwile by the multitude, who have taken advantage of the high prices to sell out. For this reason corners have latterly been of rare occurrence.

The following history of the principal stock corners since 1835 is taken from the New York *World:* The Morris Canal and Banking Company corner of 1835 was about the first notable one of the street, and yet, although that stock was put up on the shorts from about 40 to 185, and although several persons suffered severely, the number of shares involved outside of the pool would be now called ridiculously small. In 1835, however, with a whip sent out, only about fifty members of the Stock Exchange could be gotten together to vote upon a test case of enforcing the Morris contracts, and in that year when a million of Governments were bought in a block, or when any stock broker deposited $500,000 in a single day Delmonico's and Niblo's coffee-house were agog with talk. The speculative operations of the street were then mixed with the highest gambling spirit—as, for instance, when 64,000 shares of Harlem (then nine miles long) were sold for delivery while the regular shares numbered only 7,000. The Morris Canal corner, the clique led by Jacob Little, who was practically the author of short sales, was mainly made up of New Jersey capitalists, who had quietly bought up the stock far below par, lent it freely in small and scattered lots and thereafter went into the street to make time purchases of it. The Harlem clique of 1835 offered in July high and higher prices, buyer sixty days, and so enticing the hopefuls (as in his day Jacob Little classified the dealers and brokers who took great risks), managed in September to hold the market at 195. On the first of the settling days 4,000 shares came up with differences mounting up to $100,000 in favor of the pool. This inspired the short interests to call a meeting of the Stock Board with the hope that, inasmuch as so many members were interested in breaking the corner, the contracts might for some flaw be declared off, but after a very long and fierce debate the first vote said: Contracts must be fulfilled. As more differences fell due the Board elected a committee of four, to whom differences were paid, and eventually there was a compromise at 160. In 1863 the Harlem corner was undertaken by Commodore Vanderbilt, not so much for profit as for revenge. The Legislature and Common Council had given out that there should be, under an old legislative act, a surface railway extension of the Harlem, turning from Union Square east into and down Broadway—then a most valuable franchise. Secretly, however, Assemblymen and Aldermen determined when the time came to oppose it, and as secretly sold it short. They found it easy to borrow. In reality whatever stock Vanderbilt and his then man Friday, John M. Tobin, controlled, made up the capital stock, and soon the day of reckoning came when the politicians settled at 164, the stock going to eighty-five the day afterwards. They were furious and their fury got them into second toils. We will repeal the old grant, the legislators declared, and four months afterwards they did. Meanwhile the old victims had again gone short, expecting the stock to fall. Vanderbilt and Tobin were on the street, apparent sellers of large blocks, and Horace F. Clark, Vanderbilt's son-in-law and legal manager, gave out everywhere that the Commodore was tired of Harlem and the legislative dickerings with it. These sales were, however, sham to a large extent, but the prices were allowed to drop temptingly point by point. Therefore it came to pass that there was in February even a larger short interest than there had been in the previous September. This time the shares were run up to 285—which is

sixty points above what Hannibal stood at yesterday—and the Harlem corner resulted in breaking a dozen brokers and stripping a lot of politicians who were afterwards compelled to plunder the city treasury in order to retrieve the balance.

Two years afterwards, in November, 1865, occurred a corner in the stock of the Prairie du Chien Railroad (now consolidated with the Milwaukee and St. Paul) The corner was a fluke and came about in this way: Wm. H. Marston, whom war times brought to the street as one of its kings from Illinois, where he had been cashier of a bank, had made about $100,000, in conjunction with Henry Keep, out of transactions in Michigan Southern, and had baffled thereby many houses, who determined to lay for him. They found him trying to bull Prairie du Chien to par, and began to bear the stock. He found the capital stock of the road to be only about $3,000,000, and he had begun buying when this stood at less than $2,000,000 market value. Finding what the street was doing, Marston determined to control the whole stock. By the aid of a few brokers he so mystified the street that when his time purchase matured and he called in borrowed stock he was able to dictate settlements from 200 to 250. About the time of the Harlem corner Leonard Jerome originated a Hudson corner. Vanderbilt was beginning then to control that road. This corner was also a fluke. Jerome was a large holder of the Hudson stock, which the bears had forced down on him ten or twelve points. Jerome, as a species of gambling operation, gave orders to buy up all offerings at seller's option. Then he bought on top of that all the cash stock. He knew which ones of the investors would hold on to their stock, and very soon he found himself controlling all the floating shares. Bear houses were made to turn the stock—buying of Jerome at cash, selling it back at an advance upon ten to thirty days' option, which caused it to appear that Jerome was a needy borrower. This doubled the short interest. The maturity of the options given in the turns of course occasioned a corner. From about 112—the price of Hudson when Jerome began his gamble—the stock went up towards the two hundred. Leading brokers protested they had made the turn as an accommodation. Were they then to lose $6,000 on every hundred shares? Jerome said: 'Well, as an accommodation I'll lend you stock at five per cent. per diem.' Forty thousand shares were due, and after paying this interest a few days for the sake of getting time to look around, the victims settled. Jerome and his friends of the pool—whose names, by the way, were never authentically known—made about three millions.

His brother Addison was not so fortunate a year later in another corner upon Michigan Southern (now consolidated with Lake Shore). He was simply engaged in purchasing that stock, so as to add its road on to the New York Central Railway for through connections to Chicago, when he found that there was a great abundance of cash stock in the street, and that really he had options out for nearly the entire capital of the road. He determined instantly on a corner, and bought 30,000 more shares than there were in the whole capital stock. But Addison Jerome had neglected to employ a lawyer or to search the title of the road, and he was unaware of a charter clause that allowed an issue of more stock for construction purposes. This stock was quietly issued and fed to the street and next to him at the high prices of the corner in settlement. This discovery nearly broke him, and he was eventually forced to sell his stock from thirty to fifty per cent. below his purchases. The excitement, moreover, led to an illness which produced his death some months afterwards. Notwithstanding his losses, however, he left a fine fortune. This countervailing movement of a new issue was due to the strategy of Henry Keep, who, with the aid of Rufus Hatch, got up the corner of 1867 in Northwestern. This pool absorbed on time purchases 25,000 shares more than the capital called for. Three millions went to the profit of the pool, but the manœuvres were really aided by the stupidity of the street. There was another corner in 1874 of the common stock of that company, which was broken by the unexpected tender of the preferred, which was adequate according as the time bargains read in the matter to the courts. It is understood that by the terms of sales and purchases in Hannibal and St. Joseph common a similar tender of its preferred is not available.

Thomas Garner once engineered a corner in Milwaukee and St. Paul which was broken to his great loss by an issue of new stock upon construction account. Two corners in Erie have been broken by the same method of what Daniel Drew once called Construction by destruction. Rock Island stock has been twice cornered—in 1864 and in 1871—but in each case the pool was broken by the treachery of some of its members who undertook to recoup individually rather than honorably wait for joint profits. In every corner there are two essentials: First, the stock to be engineered must be of a reasonably small number of shares—either in original capital or by the withdrawal of a very large majority of the shares from the market for investment purposes; and, secondly, the pool must have access to the stock or transfer ledgers. Extreme prices, when the corner culminates and when men who have agreed to deliver stock which they can only get from the cornering pool, may be graduated at the discretion of its managers. These can exact $500 as well as $200 premium. But their demand must be proportioned to the means of each delinquent, who, if he chooses to lie down or to fail, deprives the pool of so much profit. The history of the foregoing corners and of several smaller ones, and of the ins and outs of corners, their dangers and their risks, is now well known to the street, and the fact that a corner was turned upon old operators recently is, doubtless, due to the fact that they supposed there could not be a corner in Hannibal when the President could at option convert bonds into stock and so kill the scarcity of stock.

LEGAL MISCELLANY.

TAXATION OF NATIONAL-BANK SHARES.—"If the State law taxes moneyed capital generally at a lower rate than National-bank shares, thus fixing the ruling rate of taxation higher as to them than as to the bulk of other moneyed capital, it is a discrimination against them; and they must be brought within the limit of taxation fixed by the ruling rate of taxation, by operation of law, the excess being an unconstitutional and void exaction. But if they are taxed according to the rule and rate applicable to moneyed capital generally, then the tax is valid, although *some* moneyed capital similarly invested in State banks (*Lionberger* v. *Rouse*, 9 Wall. 468; S. C., Thomp. N. B. Cas. 41), or in local bonds (*Adams* v. *Nashville*, 95 U. S. 19; S. C., Thomp. N. B. Cas. 148), or in mortgages, judgments, recognizances, *choses* in action (*Hepburn* v. *School Directors*, 23 Wall. 480; S. C., Thomp. N. B. Cas. 113) be taxed at a lower rate, or not taxed at all. And it matters not what be the articles, or classes of moneyed capital taxed at a lower rate, or not taxed at all, provided that the general and ruling rate be alike applicable to National-bank shares, and the great bulk of like property similarly situated."—*Extract from article by John W. Daniel in September Number of Virginia Law Journal.*

SALE OF STOCKS AND BONDS—ACTION FOR SPECIFIC PERFORMANCE—TENDER.—The complainant purchased from defendant and the latter agreed to deliver certain shares of stock and corporate bonds. There was a partial delivery, default as to the remainder, demand and tender of payment, and this suit to compel the transfer was then commenced. During its pendency the parties agreed that the remainder of the stock and bonds should be delivered and accepted (except two bonds for which compensation in money was to be paid), but at the agreed-upon time the complainant refused to accept, on the ground that the bonds did not answer the description of the original contract. The defendant then pleaded tender of performance under the new agreement. It appeared that the bonds were the same that the complainant had purchased under that agreement. *Held*, that the property in the stock and bonds passed under the first contract; that the tender under the second agreement was valid, and was all that the defendant could do under the first contract; that although the tender was good, the first contract was not abandoned by refusal to accept, nor was defendant discharged thereby from the obligation to perform on complainant's demand; and that such tender was a complete defence to this action. *Treat* v. *Richardson*. Supreme Court of Errors. To appear in 47 Conn.

PARTNERSHIP—BANK DEPOSIT IN THE NAME OF ONE PARTNER—USE OF FIRM NAME BY SURVIVING PARTNER—PARTNERSHIP OF AGENTS.—Where one of two partners carrying on business in his own name deposits moneys of the firm in his own name in bank, such funds belonging to the firm, the other partner will have the right to change the account during the life of the partner in whose name the deposit was made, and place it to the credit of the firm account, and, after his death, to check it out as surviving partner. But if the same was the private means of the partner so depositing, the other will have no power to control it or check it out during the life of the depositor, or after his death.

A surviving partner has the right to use the firm name in which to transact his business. A check drawn on a bank by him, either in the firm name or in his own name as surviving partner, when paid, will protect the bank.

Where a person engaged as an agent in the sale of manufactured articles on a commission forms a partnership with another, and the firm continues the business, it will be a continuance of the agency, not only to sell, but also to collect for articles previously sold for the principal. And such money, when collected, over and above the commissions allowed, belongs to the principal or original owner, and does not become the property of the agents selling. *The Commercial National Bank* v. *Proctor*. Supreme Court. May 14, 1881.—Advance Sheets Vol. 98 Illinois Reports, p. 558.

NOTE MADE BY HUSBAND AND WIFE IN ANOTHER STATE.—A, and B his wife, made and delivered their negotiable promissory note to the plaintiff. The note was made in Massachusetts, where the parties resided, and was valid there. Suit on this note was brought in Rhode Island, the writ being served, on the husband by attaching his interest in the realty of his wife, on the wife by attaching her realty, and on both, by attaching the wife's share of an intestate estate in the hands of an administrator. Pending the suit, the husband was adjudged a bankrupt and subsequently died. *Held*, that the wife being legally incapable in Rhode Island to make a promissory note, the action against her could not be maintained. *Held, further*, that as in Rhode Island the husband must be made co-defendant with the wife, and there was in this case no service of the writ on the husband, the action was fatally defective. *Hayden* v. *Stone*, 13 R. I.

NEGOTIABLE INSTRUMENTS—WHAT NOT—COUNTY WARRANTS—SET OFF—ESTOPPEL.—A county warrant drawn by the clerk upon the treasurer, directing the latter to pay to the payee therein named a certain sum of money, is not a negotiable instrument, and the county may set-off against a *bona fide* purchaser for value a claim held by it against the payee. *Wall* v. *Monroe Co.*, S. C. U. S., October Term, 1880.

Nor is the county estopped in such case by the fact that the warrant is a re-issue to the payee in lieu of an original warrant surrendered by him, and that at the time of such re-issue the claim now set up as a defence was known to exist. *Id.*

USURY—WHEN MAY BE RECOVERED BACK.—Usury paid on a note, not included in it, nor endorsed on it, may be recovered back by the payer, although the note has passed into a judgment; and a plea setting up such facts is held insufficient on demurrer; *McDonald* v. *Smith*, 53 Vt.

And this is so, while it is true, as decided in *Day* v. *Cummings*, 19 Vt. 496, that, when the usury is included in the note, and judgment has been rendered on it, it cannot be recovered back. *Id.*

The party paying the usury can plead it in off-set; but his neglect to do so is no bar to his recovering it in an independent suit. *Id.*

Where usury has been paid on a mortgage note, and the mortgage has been foreclosed, and the usury was deducted on the making of the decree, although this was done at the instance of an attaching creditor, while the payer of the usury (the plaintiff in this suit) protested against such deduction, such usury cannot be recovered; and a plea alleging such facts, on demurrer, is held sufficient. *Id.*

THE FIRST CALIFORNIA GOLD.

A recent writer in the *San Francisco Bulletin* has given an account of the first discovery of gold in California, which differs very materially from the account generally known. As it is probably more accurate than any other it is worth giving to our readers.

In the latter part of 1833, or the beginning of 1834, J. P. L. Leese came to Los Angeles from Taos, New Mexico, bringing with him a considerable quantity of grain gold, the product of the New Mexican gold placers. About the same time, a Spaniard by the name of Palacios arrived in Los Angeles from Guaymas, State of Sonora, who also brought with him a considerable amount of bullion, which was in large bars or bricks of silver and in grain gold from the gold fields of Sonora. These two lots of grain gold, amounting to about $10,000 in value, went into the hands of a few merchants, and were mostly exported from the country prior to the discovery of any gold in California. A considerable portion, and probably the larger part of it, was taken hence by the ships trading on this coast from Boston. This will account for the testimony of Boston merchants in this matter. Some considerable quantity of this gold was worked into various articles of use and ornament in Los Angeles and some other places by silversmiths and other artisans. Some of it was also wasted in the manufacture of counterfeit Columbian doubloons.

No record, tradition, or even legend, of the promulgation by any person of the belief or suspicion that any part of Alta California was of an auriferous character prior to 1841 can, in the judgment of the writer, be produced. In the early part of that year, Don Andres Castilleres, a native of Mexico, a man of education and of considerable scientific attainments and mineralogical knowledge, traveling from Los Angeles to Santa Barbara, saw and gathered up near the rancho of Las Virgenes some mineral specimens, which he exhibited in Santa Barbara, and said that generally, if not invariably, placer gold existed wherever this class of pebbles was found.

In the month of June, 1841, two vaqueros (herdsmen) of a neighboring ranch, while riding over the lands of the ranch of San Francisquito, dismounted from their horses by the side of a rivulet, to give them a breathing spell, and, seeing a bed of wild onions, they engaged in gathering some of them. While so doing, one of them, who had been present and saw the pebble which Castilleres had said was an indication of gold placers, noticed one of these pebbles, and said to his companion: "Look at this! there is gold here; for I heard Don Andres Castilleres say that there was gold to be found wherever these little stones exist," and immediately scooping up a handful of the sand and gravel, which had been loosened by pulling up the onions, he rubbed it with his other hand, and, sure enough, he found in his handful of sand a grain of gold.

On their return to Santa Barbara, they took with them a few dollars' worth of gold which they had obtained from the ground. The news of the discovery of gold soon spread from Santa Barbara, and people from San Diego to San Luis Obispo hurried to the discovered placers. Although few or none of the native Californians had any practical knowledge of the gold-washing process, there were, at the time of this discovery, quite a number of natives of Sonora, and other parts of Mexico, scattered over California, and especially in the southern part of it, who had seen and worked in placers. A large part of the extensive country drained by the Santa Clara River (Ventura county) was prospected, and gold obtained in many places. During the first two rainy seasons following the discovery, some hundreds of people were profitably engaged in mining, and gold was brought into Los Angeles by miners and sold there, every year, from 1841 to the discovery of the rich and broader gold fields of Central California in 1848, which caused the abandonment of the less productive placers of this part of the country.

INQUIRIES OF CORRESPONDENTS.

Addressed to the Editor of the Banker's Magazine.

I. Payment of Post-Dated Check.

A customer draws a check on his bank dated in advance. It is presented, and through oversight is paid by the bank some days before that on which it is dated, and is charged against the drawer's account, who has the amount to his credit.

1. Is the bank compelled to pay other checks of current dates afterward presented though these overdraw the account?

2. If so, and the post-dated check cannot be made good by reason of the failure of the drawer, or for any cause, can the paying bank recover of antecedent indorsers and holders, say the original payee and the banks through which it came?

Reply.—The payment of a check before it is due is irregular, and the bank has no right to do so. "For it is unquestionable," says Morse, "that in the interval between such irregular payment and the day of the date when the payment could be properly made, the amount ought still to be left standing to the credit of the drawer. The bank has no right to charge him with the disbursement till the time comes when the disbursement could be properly made on his account. His check is no order till it has matured; so, if in the interval he continues to draw checks, the bank must continue to honor them upon presentment, so long as his account, without decrease by the debit of this item, is sufficient to meet them, until the day of the date arrives." *Banks and Banking*, 2d ed., 373. It is clear therefore that it is the duty of the bank to pay checks subsequently drawn, just as though this post-dated check had not been received and paid; and on the arrival of the day specified for its payment to appropriate the sum paid out. If the drawer had not then sufficient funds in the bank to meet it, the bank must lose it if it cannot recover of the depositor. The bank can look to no other party. *Morse on Banks and Banking*, 2d ed., 373; *Daniels on Neg. Inst.*, § 1618; see *Morley* v. *Culverwell*, 7 Mees. and Welsb. 174; *Chitty on Bills*, 10th ed., 180; *Wheeler* v. *Gould*, 20 Pick. 545.

II. Protest.

"Three ¼ months after date, for value received, I promise to pay," etc.

When should this note, if unpaid, be protested?

Reply.—By the law merchant, both in England and the United States, a month is construed to mean a calendar month in all cases of negotiable instruments, and of mercantile contracts. If the note had been payable in three months, it would have been due May first, without considering the days of grace. The quarter of month was a quarter of the month of May, which contains thirty-one days. As an exact division of the month is impossible, the law would doubtless adopt the nearest time, in accordance with the doctrine of *cy pres* (as near as may be), and would therefore regard eight

days as the nearest quarter of the month of May. Thus the note would be due the ninth of that month; adding the three days of grace the maker would have until the twelfth, upon which day, of course, if payment was not made the protest should be sent. See *Daniel on Neg. Inst.*, 2d ed., §§ 625-626.

BOOK NOTICES.

Tokio Commercial and Economical Magazine. Tokio, Japan. 8vo., pp. 614.

The Japanese, though clinging to many old ways, are rapidly adopting the dress and the business methods of more civilized nations. It is singular with what rapidity their banking institutions have developed, and with what success they are managed. One would hardly imagine that in the short space since the adoption of the system there would be any occasion for issuing an almanac containing the annual history of these institutions. Yet such a work has appeared, containing the names of the banks, and showing how rapidly they have multiplied in many parts of the Japanese Empire. Full returns of their business are also given, which show that they are exceedingly prosperous. Indeed, the Japanese are good financiers, as their light taxation and small indebtedness furnish proof. They seem to take to the business of banking with ease and facility, as though it were an intuition.

Statistics of the American and Foreign Iron Trades in 1880. Annual Report of the Secretary of the American Iron and Steel Association. By JAMES M. SWANK, Secretary. Presented to the members, July 30, 1881. Philadelphia: The American Iron and Steel Association, 1881.

The annual history of no trade in the United States is preserved with such fullness and accuracy as that of the iron trade, prepared by James M. Swank, the able Secretary of the American Iron and Steel Association. The report abounds with figures, some of which tell a wonderful story of progress in the United States in the metallic art. For example, in 1867 the first Bessemer steel rails were made in this country and 2,550 tons were produced. The next two years the production was 7,225 tons, and 9,650 tons respectively. Then the figures began to swell thus:

	Tons.		*Tons.*		*Tons.*
1870	34,000	1874	144,944	1878	550,398
1871	38,250	1875	290,863	1879	683,969
1872	94,070	1876	412,461	1880	954,460
1873	129,015	1877	432,169		

There are those who imagine they are statisticians, because they collect figures and tabulate them. But much of this work is worthless; it tells no story; it is a mere heap of meaningless figures. But this cannot be said of Mr. Swank's report. In these ninety pages is packed a mass of information relating to the iron trade of America and foreign countries of great value. Every table has a clear significance; and we are sure that no American can peruse this report without experiencing a lively satisfaction over the industrial progress here recorded.

Reports of Cases Argued and Determined in the Supreme Court of the State of Kansas. A. M. F. RANDOLPH, Reporter. Vol. XXIV. Topeka, Kansas. 1881.

One commendable feature of the decisions here reported is their brevity. The contrast in this respect with the decisions of the courts of some other States, especially Virginia, is remarkable. One reason may be, the Supreme Court of Kansas is composed of three judges only, and the number of cases they are required to hear and decide is so large, evidently they have not much time for lengthy reflections. The reporter is equally concise in his statements, though usually the court weaves into its opinion the facts needed for a clear comprehension of the case. In *Nay* v. *Mogram*, page 76, several side notes are appended to the opinion, though why this is done, in this solitary case, does not appear. The head notes are carefully prepared; indeed, the volume throughout evinces the work of a very competent and conscientious reporter.

VARIATIONS IN THE VALUE OF GOLD AND SILVER.—In a recent number of the *Fortnightly Review* Emile de Laveleye says that "in antiquity gold was abundant enough, and yet a pound of gold was worth rather less than it is now, say, thirteen or thirteen and a-half times a pound of silver. In the Middle Ages there was hardly any production of gold at all, and still it loses much of its value, for it is hardly worth more than ten times its weight in silver. After the discovery of America, at first it is gold which flows in, and yet it increases in value so as to be worth eleven and eleven and a-half times silver, instead of ten times, as in the Middle Ages. The production of silver rises from 53,000,000 to 75,000,000 of marks between 1561 and 1600, and for all that the value of silver does not go down. From 1600 to 1700 the production of silver falls from 75,000,000 to 60,000,000, while that of gold rises from 20,000,000 to 25,000,000. Gold ought to have gone up and silver to have gone down; exactly the contrary of this is what took place. During the eighteenth century the production of silver is tripled, and yet its value, which ought to have gone down, goes up; and if it falls from 1785, it is because the ratio of 1 to 15½, which Calonne established in France, increased the legal tarification of gold. During the nineteenth century, a fact more conclusive still, gold is produced in tenfold annual quantity between 1840 and 1860, without any effect on its value. According to the Indian memorandum, there must have been in the world in 1850 15,557,539 pounds troy of gold, and 339,828,926 of silver; and in 1878, 29,809,724 of gold, and 480,506,080 silver. The mass of gold doubled, that of silver remains stationary, and nevertheless gold loses none of its value. These figures prove beyond refutation the error of those who make the relative value of precious metals depend upon production; it is solely the effect of the law, as I have proved elsewhere. The French minister of 1803, M. Gaudin, has summed all this up in a sentence: 'The price of the precious metals in commerce always regulates itself according to the price of gold at the mint.'"

LOTTERIES.—The change in public opinion respecting lotteries is strikingly illustrated by the following entry in the day book kept by the Rev. Samuel Seabury, father of the first Protestant Episcopal Bishop in the United States: "June, 1768. The ticket, number 5866, by the blessing of God, in the Lighthouse and Public Lottery of New York, appointed by law, Anno Domini 1763, drew in my favor £500 Os., Od., of which I received £425 Os., Od., which the deduction of fifteen per cent. makes £500, for which I now record to my Posterity my thanks and praise to Almighty God the giver of all good gifts. Amen."

BANKING AND FINANCIAL ITEMS.

A Call for Three-and-a-Half-Per-Cent. Bonds.—The Secretary of the Treasury has issued another call for bonds, including the numbers designated. By virtue of the authority conferred by law upon the Secretary of the Treasury, notice is hereby given that the principal and accrued interest of the bonds herein below designated will be paid at the Treasury of the United States, in the City of Washington, D. C., on the 24th day of December, 1881, and that the interest on said bonds will cease on that day, viz. :

Registered bonds of the acts of July 17 and August 5, 1861, continued during the pleasure of the Government under the terms of circular No. 142, dated April 11, 1881, to bear interest at the rate of three and one-half per cent. per annum from July 1, 1881, as follows:

$50—No. 1,749 to No. 1,810. $100—No. 12,431 to No. 12,700. $500—No. 9,005 to No. 9,220. $1,000—No. 44,573 to No. 45,720. $5,000—No. 15,311 to No. 15,530. $10,000—No. 25,790 to No. 27,860. Total, $20,000,000.

Many of the bonds originally included in the above numbers have been transferred and canceled, leaving outstanding the amount above stated. Parties transmitting bonds for redemption should address to the "Secretary of the Treasury, Loan Division, Washington, D. C.," and all the bonds called by this circular should be assigned to the Secretary of the Treasury for redemption.

Where checks in payment are desired in favor of any one but the payee, the bonds should be assigned to "The Secretary of the Treasury for redemption for account of —— (here insert the name of the person or persons to whose order the check should be made payable.)

The following circular for redemption of United States three-and-a-half-per-cent. bonds has also been issued:

Notice is hereby given that during the weeks ending October 1, 8th, 15th, 22d and 29th, 1881, the Department will redeem at the office of the Assistant Treasurer of the United States at New York, paying par and interest accrued to the date of redemption, any of the United States bonds continued to bear interest at three and a-half per cent. per annum, called or uncalled, to an amount not exceeding $2,000,000 in each week.

The Called Bonds.—Up to the close of business September 30th, $7,243,950 five-per-cent. coupon bonds under the one hundred and third call, and $19,078,250 five-per-cent. registered bonds under the one hundred and fourth call, had been presented at the Treasury department for payment.

The Volume of Currency.—The Comptroller of the Currency reports the additional circulation issued to National banks during the month of September, $1,584,700; surrendered and destroyed, $697,221; leaving a net increase of $857,479. The net increase of National-bank notes during the year ending October 1, 1881, is $15,190,651. The increase of legal-tender notes on deposit for the purpose of retiring National-bank circulation since October 1, 1880, is $11,473,641. The total amount of National-bank notes outstanding on October 1, 1881, is $357,770,490, not including notes of National gold banks, amounting to $980,450. This is the largest amount of National-bank notes outstanding at any one time since the organization of the system. The total of United States currency, all issues, at this date, is $362,531,495.35.

Fifty-two National banks have been organized during the last six months, with a capital of $5,685,000. The Comptroller says that in his opinion the circulation of the National banks will not be likely to be much reduced by the gradual payment of the six-per-cent. extended bonds. The National banks hold $60,000,000 of the six-per-cent. extended bonds, and their payment during the next two and a-half years would require the banks to substitute about $24,000,000 of other bonds annually therefor.

LARGE INTERNAL REVENUE RECEIPTS.—The receipts from internal revenue for the month ending September 30, were $ 12,866,219.48, being an increase of $ 1,787,769.62 over the corresponding month last year. The receipts for the quarter ending September 30 were $ 37,461,352.47, against $ 32,684,497.13 for the corresponding period of last year, an increase of $ 4,776,855.34. The total receipts from internal revenue for the fiscal year ending June 30, 1881, were $ 134,982,668.15, which was an increase of $ 11,359,416.93 over the receipts of the preceding twelve months. If the receipts of this quarter, the first of the present fiscal year, may be taken as a fair index, the increase for the year over the receipts of last year will exceed $ 14,000,000, and the total of our internal revenue will not fall far short of $ 150,000,000. There are now held in the various bonded warehouses, and subject to taxation when removed, 64,000,000 gallons of whiskey, representing about $ 55,000,000 of internal revenue taxes.

GOVERNMENT PUBLICATIONS.—It is not generally known that, according to a law on the statute books, any citizen may subscribe to a Government publication by notifying the Government Printer at an early date: "If any person desiring extra copies of any document printed at the Government Printing Office by authority of law shall, previous to its being put to press, notify the Congressional Printer of the number of copies wanted, and shall pay to him, in advance, the estimated cost thereof, and ten per centum thereon, the Congressional Printer may, under the direction of the Joint Committee on Public Printing, furnish the same."—*Section* 3,809, *Revised Statutes.*

SILVER COINAGE AT NEW ORLEANS.—At present about 400,000 standard dollars are being coined each month at the New Orleans mint. About 50,000 of them are being distributed daily among the merchants and planters of the Gulf States, and the mint has nearly $ 6,000,000 on hand. The greatest call for silver dollars is from Texas, where thousands of railroad laborers are paid in this coin.

REMARKABLE BANKING.—The New York correspondent of the Rochester *Democrat*, in writing about the history of the Chemical National Bank, says that its shares have reached $ 1780, the highest quotation of any banking house in the world. When one considers that the original price of these shares was $ 100, the present figures show a very handsome advance. Sixty years have elapsed since John Mason originated the scheme of manufacturing chemicals, and was deeply disappointed when it proved a failure. The experiment sunk $ 100,000, which in those days was equal to $ 1,000,000 at the present time. An apparent misfortune, however, often proves a real benefit, as was the case in this unsuccessful enterprise. The latter had a banking privilege which Mason determined to turn to account. He abandoned the chemical scheme, but continued the banking privilege. The capital was only $ 300,000, but under good management it has accumulated a surplus of $ 4,000,000, which is actively at work. The result is dividends of 25 per cent. per quarter and the present astonishing quotations. John Mason was the dry-goods colossus of his day, and left a large fortune. His nephew, John Q. Jones, was President of the Chemical Bank for forty years. He died recently in a good old age, leaving an estate worth $ 2,000,000, most of which had been made by buying business paper, in which he was an expert. Jones saw Chemical shares reach $ 1600, which some considered the extreme of their possible valuation. There are, however, no more to be had even at the last quotations, and it is now probable they will reach $ 2000.

CALIFORNIA.—Mr. J. E. Hollenbeck has resigned the Presidency of the First National Bank of Los Angeles, from a desire to give up all active business. He still retains his interest in the bank, and remains in the Board of Directors. Mr. E. F. Spence, late Cashier, has been elected President and Mr. William Lacy Cashier. Mr. Lacy has been connected with the bank since its organization.

WHISKEY IN CINCINNATI.—Cincinnati is the largest whiskey-manufacturing city in the United States. During the year ending June 30th the district embracing that city paid a total of $ 12,538,346 to the Collector of Internal Revenue. Chicago comes next with $ 11,425,131.

HEAVY SUM PAID BY A BONDSMAN.—John B. Sherman, one of the bondsmen of ex-City Treasurer David A. Gage, of Chicago, has compromised with the city by payment of $50,000. Gage, it may be remembered, invested city funds in a suburban land speculation, and was unable to settle a balance of $500,000.

CANADA,—"The Planters' Bank of Canada" is the name under which application will be made at the next session of Parliament for an act to incorporate a bank, with the head office in Toronto. The capital is $2,500,000, in shares of $100 each. It is said the business will consist largely of advances on consignments to and from Jamaica, upon more liberal terms than are now in vogue on that island.

A CANADIAN STOCK PAWNBROKER COMPANY.—It is reported that a stock company has been formed in Paris, with a capital of $8,000,000, for the purpose of doing a legitimate pawnbroker's business in Canada, conducted through numerous branches, upon the general system which has proved successful in various countries of Europe under the name of Mont-de-Piete. The *Toronto Globe* comments upon the project as follows: "The Monte-de-Piete are generally, but not invariably, managed under municipal authority for the profit of the towns in which they are established. There is no reason why private capital should not be lent on the same plan at the same comparatively moderate rates of interest. The scope of the Mont-de-Piete is two-fold; it supplies the temporary personal needs of the wage-earning classes, and also the temporary financial embarrassments of small tradesmen and manufacturers. It is, in fact, a well-conducted institution for lending money secretly on all kinds of movable chattels capable of being stored as security in the warehouses of the lender. The rate of interest is, of course, higher than that charged by banks, but much lower than charged by English pawnbrokers, their Canadian congeners, or Toronto sharks, who ask three per cent. a month for money loaned to the poor on chattel mortgage. It is to be hoped that the Paris company will adventure their capital, but we doubt whether the poor of Canada are poor enough to require aid to any great extent from the proposed institution."

MISCELLANEOUS.—A test question as to the legality of taxing borrowed money is soon to be raised before the Supreme Court of Massachusetts.

The average rate of interest which the Government will hereafter pay on its bonded debt will be 3.9 per cent. The rate which it will pay on the whole net debt, including that which draws no interest, will be only 3.4 per cent. The amount of interest which our Government will pay, as compared with that paid by other countries, is as follows:

Austria-Hungary..	$56,000,000	..	Italy (about)....	$100,000,000
France............	149,000,000	..	Russia...........	112,000,000
Great Britain.....	140,000,000	..	United States....	62,000,000

It is asserted that there is good reason for believing that the greater portion of the gold received from abroad is hoarded at the West and South; and that from $50,000,000 to $100,000,000 will be absorbed in the same way during the current fiscal year. If it were not so, more gold would be circulating in the channels of trade and business.

A high premium of 7-16 per cent. on jewelers' fine gold bars led several banking houses which had received foreign gold to thus convert it, as they received a larger profit than by employing the gold as money. More than $400,000 of foreign gold has been converted into these bars. Some days ago orders were given for the coinage of £250,000 into bars, but the effect of this action was to reduce the price of jewelers' bars in the market, and the orders were withdrawn.

Forty per cent. of English gold is so light as to be no longer a legal tender. The Bank of England sends gold coin to the mint for recoinage at the rate of about £1,000,000 a year.

The comparative wealth of the great nations is as follows: Great Britain, $44,750,000,000; United States, $39,500,000,000; France, $37,500,000,000; Germany, $30,500,000,000.

Gold miners in Victoria appear to have prospered well the past year, the average quantity exported and received into the Mint having been $249 per man in the alluvial mines and $647 per man in the quartz. The number of Chinamen miners declined from the number for the previous year by more than 600, the total who remained being 8,486. Not much was done in other mines than those of gold. No silver was raised except with the gold, and only 23,248 ounces of that. Of tin, the quantity was 103½ tons; of copper, 3,031½ tons; of antimony, 333 tons; of lead and iron, small quantities. Only 177 miners were engaged in taking out metals other than gold. Since the discovery, the total of gold exported and mined has been 49,500,003 ounces, or, in money value, $990,000,070.

Roman coins of great archæological interest and of high antiquity were recently found by a countryman in a district of Piedmont. They were contained in an ancient vessel, and in all were 600 in number, the metal being silver. For the most part they belong to the first epoch in the history of Rome, and bear the image of Brutus and Collatinus as First Consuls. Among those of more recent dates are some which belong to the time of Cæsar, Pompey, Mark Antony, Antoninus Pius.

After much discussion the Sub-Committee on Finance of the Philadelphia City Councils agreed to report $1.90 on the $100 as the tax rate for 1882. The Public Building Commission wanted an appropriation of $1,250,000, but the sub-committee advised them to be content with $750,000.

The banks in Chicago are compelled, by the scarcity of currency, to pay out a large proportion of gold, and many of their customers complain of the inconvenience occasioned by it.

With reference to the Hannibal and St. Jo "corner," it is said that Mr. Gugenheim, of Philadelphia, purchased, about a year ago, 2,000 shares of the stock at 42, which he recently sold at 110, thus clearing $136,000.

A Greek operator, who is reported to have employed twenty brokers on the London Stock Exchange, had an account for $7,500,000 open in Egyptian, Turkish and Spanish securities, but was unable to meet his engagements because of the recent fall in the Egyptians. The compulsory closing of his account did not, however, have a great effect, as the market was sustained by large buying orders from Paris.

The Story of a Hundred Dollar Bill.—A distinguished statesman, forty years ago, was on a visit to Baltimore, and he gave to a colored girl while here, what he supposed to be at the time, a one dollar bill. The next morning the girl went to a grocery store, and after making a few trifling purchases, gave the bill in payment, under the supposition that it was a dollar. The proprietor of the store, a highly-esteemed citizen of Baltimore, noticed with great surprise that it was for a hundred dollars, and he supposed at once that the woman had stolen it. Ascertaining the delusion she was under, he informed her of the true character of the note, and told her he would detain it until the owner was found. The girl told how she had received it, persisted that it had not been stolen, and assented to the gentleman retaining it until the owner was found. He advertised the bill, and the statesman, in answer, called to say that the girl's story was true, and that as her honesty had been suspected she should keep the bill. He then departed to the scene of his daily triumphs, and in the acquisition of a great fame perhaps forgot the incident. The grocery merchant retained the note in expectation of the girl returning, but she never called for it, it is supposed being frightened and fearing being charged with its theft. He deposited it at interest. Years rolled on and she married, bore children and died, and a few years ago a son applied to the merchant for the note and the interest, which now amounted to a large sum of money. This amount the custodians of the fund paid into one of our city courts, in order that the court should decide whether or not the claimant was entitled to it. The court sustained the claim, and the money was paid to the heir, and thus ends the true story of a hundred dollar bill.

—*Baltimore Gazette.*

OBITUARY.

On the 22d of September occurred the death of HENRY F. VAIL, President of the National Bank of Commerce of New York, who, for forty years, had been identified with the banking interests of that city. He was born there in 1812, and spent his early business years in the house of Fish, Grinnell & Co., where he remained until 1837. His financial career was begun in the New York branch of the Bank of the United States, having among his associates Jacob D. Vermilye, George Duer and the late James M. Morrison. He remained there until the close of that institution. In August, 1841, he succeeded Jacob D. Vermilye as first paying teller of the Bank of Commerce. There he spent the next ten years nearly of his life; but in January, 1851, he resigned for the purpose of aiding in the organization of the Bank of the Republic, of which he was appointed Cashier. He remained there only a few months, however, for, in December of the same year, he was appointed to the same position in the Bank of Commerce, which he accepted and held until January, 1878, when he was elected President, succeeding Robert L. Kennedy, which office he held until his death.

The Bank of Commerce was one of the first to accept the National Banking Act, and Mr. Vail was a trusted adviser of Salmon P. Chase throughout his administration of the Government finances. He was also prominent in the refunding operations of Secretary Sherman, and was the prime mover in the first great subscription of forty millions to the four-per-cent. bonds, which practically assured the success of the scheme.

During the long years of his official connection with the Bank of Commerce he used to boast that it had never been defeated in a law suit, nor lost a dollar by any broker customer, or by embezzlement, and that it had never passed a dividend.

He was interested in many affairs outside his own bank. He was Vice-President of the Institution for the Savings of Merchants' Clerks, and held a similar position in the Louisville, New Albany and Chicago Railroad. As a bondholder he took much interest in the re-organization of the St. Louis, Kansas City and Northern Railroad, which was merged into the Wabash system. In other ways, as a member of the Union and Century Clubs, of Calvary Church, and stockholder of the Academy of Music, his presence and influence were known. Exhibiting unwearied activity, he often worked when rest was needed, and though dying in the sixty-ninth year of his age, by more strictly conserving his powers doubtless his life would have been prolonged.

STANHOPE SANDERSON ROWE, Cashier of the Second National Bank of Cincinnati, died in that city on September 22d, in the seventieth year of his age. Mr. Rowe was one of the oldest living representatives of the banking interests of Cincinnati. He was born in London, England, and received his business training in the methodical and thorough school of the Old Country. Mr. Rowe was for many years Cashier of the Mechanics and Traders' Branch of the State Bank of Ohio. After its winding up, he engaged in the private banking business, and upon the organization of the Second National Bank in 1864, became its Cashier. He was universally respected as an accomplished banker, an efficient and conservative business man, and a pure and upright gentleman.

WILLIAM J. TURRELL, President of the First National Bank of Montrose, Penn., died of paralysis, at his residence, on the 29th of August. He was the oldest member of the bar of his county, and served for two terms in the State Senate, of which body he was Speaker during the war and the administration of Governor Curtin. He was also a member of the Constitutional Convention of 1872–73. Upon the organization of the First National Bank of this place he became its President, which position he held at the time of his death. His age was about sixty-eight years.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from September No., page 238.)

No.	Name and Place.	President and Cashier.	Capital. Authorized.	Capital. Paid.
2559	Third National Bank....... Chattanooga, TENN.	William Morrow.......... W. E. Baskette.	125,000	62,500
2560	Farmers' National Bank.... Cynthiana, KY.	J. W. Peck............... Luther Van Hook.	100,000	100,000
2561	Butler National Bank....... Butler, Mo.	C. H. Dutcher .... William E. Walton.	50,000	30,000
2562	Merch. & Fars. Nat. B'k.... Greensburg, PENN.	Lewis Tranger............ D. W. Shryock.	150,000	150,000
2563	National Security Bank..... Lynn, MASS.	Benjamin F. Spinney...... David J. Lord.	100,000	100,000
2564	First National Bank........ Grand Forks, DAK.	Horace G. Stone.......... Charles E. Burrell.	50,000	50,000
2565	Commercial Nat'l Bank.... Appleton, WIS.	Ephraim C. Goff.......... H. G. Freeman.	100,000	55,000
2566	First National Bank........ Butte, MONT.	Andrew J. Davis.......... Henry D. Hauser.	100,000	100,000

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from September No., page 239.)

State.	Place and Capital.	Bank or Banker.	N. Y. Correspondent and Cashier.
DAKOTA	Grand Forks...	First National Bank...... Horace G. Stone, *Pr.*	.... Charles E. Burrell, *Cas.*
FLA....	Palatka........	William J. Winegar & Co.	....
IOWA...	Fonda.........	Pocahontas County Bank..	Preston, Kean & Co., *Chicago.*
	Morning Sun...	Bank of Morning Sun.....	Preston, Kean & Co., *Chicago.*
KY.....	Cynthiana..... $100,000	Farmers' Nat'l Bank....... J. W. Peck, *Pr.*	Bank of America. Luther Van Hook, *Cas.*
MASS...	Lynn.......... $100,000	Nat'l Security Bank....... Benj. F. Spinney, *Pr.*	.... David J. Lord, *Cas.*
MICH...	Edmore.......	Gardner & Corey.........	Webber & Chapin, *Stanton, Mich.*
MO......	Arrow Rock....	Nelson & Baker.........	Donnell, Lawson & Simpson.
"	.. Butler......... $30,000	Butler Nat'l Bank......... C. H. Dutcher, *Pr.*	Donnell, Lawson & Simpson. William E. Walton, *Cas.*
MONT..	Butte City...... $100,000	First National Bank...... Andrew J. Davis, *Pr.*	.... Henry D. Hauser, *Cas.*
NEB....	Ponca.........	E. E. Halstead...........	Preston, Kean & Co., *Chicago.*
PENN...	Greensburgh... $150,000	Merchants & Farmers' N.B. Lewis Tranger, *Pr.*	.... D. W. Shryock, *Cas.*
TENN..	Chattanooga... *$125,000*	Third National Bank..... William Morrow, *Pr.*	Hanover National Bank. W. E. Baskette, *Cas.*
W. T...	Seattle....	Mackintosh & Reeves.....	National Park Bank.
WIS....	Appleton...... $55,000	Commercial Nat'l Bank... Ephraim C. Goff, *Pr.*	.... H. G. Freeman, *Cas.*

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from September No., page 240.)

	Bank and Place.	*Elected.*	*In place of*
CAL....	First National Bank........... Los Angeles.	E. F. Spence, *Pr*......	J. E. Hollenbeck.
		William Lacy, *Cas*....	E. F. Spence.
" ..	First National Bank........... San Jose.	W. D. Tisdale, *Pr*....	J. W. Hinds.
		L. G. Nesmith, *Cas*...	W. D. Tisdale.
D. C....	Nat. B'k Republic, Washington.	Charles S. Bradley, *Cas*..	C. Bradley.
KY	Branch Northern B'k of Ky.... Covington.	D. C. Collins, *V. P*....	....
		James V. Guthrie, *Cas.*	D. C. Collins.
MAINE..	People's Nat. B'k, Waterville..	N. G. H. Pulsifer, *Pr*....	J. Webber.
MASS....	First National Bank........... Westfield.	M. B. Whitney, *Pr*....	G. L. Laflin.
		C. I. Snow, *V. P*......	....
MICH...	First National Bank, Holly....	Livingston Axford, *Pr.*	J. B. Simonson.
		W. E. Pier, *V. P*......	L. Axford.
MINN..	Bank of Glencoe, Glencoe......	L. W. Gilbert, *Cas*......	E. B. Lincoln.
N. Y....	Third Nat'l Bank, Buffalo.....	Charles A. Sweet, *Pr*....	A. Altman.
TEXAS..	Fannin Co. B'k, Bonham......	S. B. Allen, *Pr*..........	J. R. Russell.*
VT......	National Bank of............ ... Bellows Falls.	J. H. Williams, *Pr*....	J. H. Williams.*
		P. H. Hadley, *Cas*....	J. H. Williams.

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from September No., page 241.)

COL.... Gothic.......... Sands, Holmes & Co.; now Sands & Co.

DAK.... Jamestown .... Bank of Jamestown; dissolved. Continued by Robert E. Wallace.

D.C.... Washington .. Riggs & Co.; George W. Riggs deceased. T. L. Riggs admitted. Alexander Elliott has interest.

ILL..... Nat.Stock Yard. Stock Yard Bank (H. L. Newman & Co.); now Newman & Farr.

IOWA... Carroll City... Carroll County Bank (W. T. Minchen); now A. W. Patterson, *Pr.* W. J. Patterson, *V. P.* Same Cashier.

KY..... Cynthiana..... Farmers' Deposit Bank; now Farmers' National Bank. Same officers.

" .. Elizabethtown.. Arnold, Polk & Co.; now Bryan, Polk & Co.

MISS.... Kosciusko... .. Bank of Kosciusko; suspended and attached.

MO..... Arrow Rock... Bank of Missouri; removed to Kansas City. Same officers

" .. Butler......... Exchange Bank (Walton, Dutcher & Co.); now Butler National Bank. Same management.

" .. Kansas City... Whipple, Cowherd & Co.; now Whipple Bros. & Co.

" .. Rocheport...... Wm. S. Woods & Co,; now Rocheport Bank. L. Grossman, *Pr.* F. E. Carr, *Cas.*

MONT... Butte City..... S. T. Hauser & Co.; now First National Bank. Andrew J. Davis, *Pr.* Henry D. Hauser, *Cas.*

N. Y ... Hobart..... First National Bank; voluntary liquidation, August 27. No successor.

STATEMENT OF NEW YORK CITY BANKS.

The following is the detailed statement of the New York City Banks for the week ending September 24, 1881:

Banks.	*Loans.*	*Specie.*	*Legal Tenders.*	*Net Deposits.*	*Circulation.*
New York	$10,073,000	$2,172,000	$272,000	$9,566,000	$495,000
Manhattan Co	7,678,900	795,800	224,400	5,934,000	——
Merchants'	6,822,900	785,100	781,900	5,706,600	360,000
Mechanics'	8,246,000	1,515,000	331,000	7,285,000	——
Union	4,961,800	570,400	567,300	4,253,400	——
America	9,116,600	1,425,100	513,200	6,701,600	1,100
Phenix	3,759,000	773,000	31,000	3,485,000	267,000
City	9,126,400	2,979,700	159,000	9,843,800	——
Tradesmen's	3,208,100	415,800	55,200	1,947,500	795,300
Fulton	1,769,500	219,700	191,800	1,311,300	——
Chemical	13,207,100	3,023,000	301,200	13,385,600	——
Merchants' Exchange	4,284,700	511,000	517,000	3,701,400	649,600
Gallatin National	4,524,700	689,800	55,800	2,659,600	778,200
Butchers' & Drovers'	1,685,700	451,700	57,100	1,627,500	288,200
Mechanics & Traders'	1,038,000	152,000	117,000	1,012,000	174,000
Greenwich	997,300	19,600	101,100	900,100	2,700
Leather Manufact'rs	3,154,400	620,700	58,700	2,537,800	474,600
Seventh Ward	964,400	215,000	71,900	988,200	38,200
B'k of State of N. Y.	3,387,800	596,800	62,700	3,111,400	14,700
American Exchange	13,940,000	2,230,000	495,000	10,877,000	——
Commerce	14,242,200	4,390,300	970,400	10,548,300	1,028,700
Broadway	5,841,500	728,700	150,700	3,848,900	900,000
Mercantile	6,878,100	1,429,400	243,600	6,864,200	798,500
Pacific	2,331,000	353,100	135,100	2,547,900	——
Republic	5,717,900	522,800	173,400	2,969,700	1,116,400
Chatham	3,296,600	667,300	130,500	3,488,700	——
People's	1,545,900	131,600	79,400	1,662,200	5,400
North America	2,733,100	188,000	282,000	2,728,900	——
Hanover	7,705,600	780,800	987,700	7,346,800	791,100
Irving	3,098,400	479,400	281,400	2,948,500	417,000
Metropolitan	15,684,000	3,864,000	171,000	13,223,000	2,250,000
Citizens'	2,113,100	372,700	218,900	2,167,000	263,600
Nassau	2,899,900	300,100	99,200	2,680,100	3,900
Market	3,003,600	593,100	117,200	2,550,700	450,000
Saint Nicholas	1,902,200	318,600	58,400	1,435,300	445,700
Shoe and Leather	3,354,000	747,000	112,000	3,392,000	450,000
Corn Exchange	4,499,700	405,000	46,000	3,284,400	4,600
Continental	7,802,200	1,240,300	111,200	7,298,700	763,200
Oriental	2,124,400	17,600	387,100	2,005,000	——
Marine	3,243,000	479,000	160,000	3,550,000	45,000
Importers & Traders'	21,338,600	6,257,100	157,700	23,841,200	1,111,300
Park	16,881,600	4,986,400	347,900	20,656,300	45,000
Mechanics' B'k'g Ass'n	1,015,300	204,800	11,200	745,200	——
North River	927,100	46,200	185,900	1,190,100	——
East River	1,101,800	154,700	60,400	847,000	223,000
Fourth National	20,068,000	4,571,800	456,400	10,994,600	810,000
Central National	8,342,000	438,000	1,405,000	8,043,000	1,260,000
Second National	3,235,000	290,000	608,000	3,641,000	45,000
Ninth National	6,144,300	1,134,100	215,900	5,942,900	594,400
First National	15,725,000	4,032,400	96,200	17,804,000	442,600
Third National	6,150,700	1,355,600	248,300	6,471,000	——
N. Y. Nat'l Exchange	1,518,300	206,400	97,200	1,214,100	269,400
Bowery	1,660,300	145,000	221,000	1,422,000	223,400
N. Y. County	1,473,100	28,900	402,800	1,695,100	180,000
German-American	2,577,200	333,500	22,500	2,276,700	——
Chase National	4,584,300	1,234,300	62,700	5,127,800	91,800
Fifth Avenue	1,802,600	367,900	148,400	1,935,400	——
German Exchange	1,428,500	20,500	157,300	1,566,100	——
Germania	1,347,500	104,400	224,300	1,636,200	——
United States Nat'l	4,388,500	1,407,400	48,600	4,943,000	449,600
Totals	$332,672,300	$64,984,400	$15,057,200	$314,317,300	$19,765,200

NOTES ON THE MONEY MARKET.

NEW YORK, SEPTEMBER 30, 1881.

Exchange on London at sixty days' sight, 4.80½ in gold.

The money market grew somewhat easier shortly after the opening of the month, and there was a sufficient supply of loanable funds to meet all demands, but at no time was there any sign of a surplus which would reduce the discount rate. The call of the Secretary of the Treasury for three and a half per cents., however, instead of having the effect on the money market predicted by the leading speculators, produced a very different result. A large amount of the extended sixes is held at Washington for the redemption of National-bank circulation, and as the greater part of these will probably be withdrawn, the banks have hesitated to make loans. Accordingly money lenders took advantage of the fact to put up the rate. While the rates on time loans ranged from 5@6 per cent. through the month, the latter figure was very generally demanded at the close.

Notwithstanding the large imports of gold and the heavy disbursements of the Treasury, the banks have hardly been able to retain more than enough to maintain the twenty-five per-cent. rule. Indeed, during a considerable period there was a slight deficiency. The inquiry has been raised, where has so much money gone, and what will be the condition of the money market when the crops begin to move more heavily eastward? The interior cities seem to have had the capacity of absorbing all the new supplies; but this is due partly to the fact that the low rates of freight which have prevailed for many weeks has led to extensive shipments to the East; and hence the future demand for money in the West is likely to be smaller than usual. The heavy speculations in grain, while having the effect of advancing the price beyond the point of profitable shipment abroad, has not prevented the eastward flow; and hence a large amount of money has been absorbed to pay for it; the holding, too, of such vast quantities for a future market, contrary to the usual course of trade, has required far more money than would have otherwise been employed.

The specie movement, which was active at the beginning of the month, received a sudden check from several causes. The advance of the Bank of England discount rate undoubtedly had some effect, but not so much as the speculative influences at work this side of the Atlantic. The stupendous bulling of wheat in the West has for a time checked exports, and the high prices of cotton have lessened the shipments of that staple, so that the two principal sources from which a supply of bills was to be expected have temporarily been nearly cut off. But this state of things cannot long continue, for, as it is now clearly known that there will be an increased demand for our breadstuffs, foreign exchanges will settle down below the gold-importing point, and the current of the gold movement will once more begin to run toward America.

The effect of the death of the President on the business of the country had long before been fully discounted, so that when the event came it caused no disturbance of business. The succession of Mr. Arthur was confidently believed to ensure a continuance of the general financial policy of the former administration.

The call of the Secretary of the Treasury for the three and a half per cents. has given rise to some unfavorable criticism, but very good reasons may be given for the Secretary's action. The theory of some is that it is his duty to make an easy money market, but it would be difficult to prove that any such function attaches to the Treasury department. In respect to the wants of the commercial world, whether they are fully met or not, depends upon how much the banks loan to speculators; but the Treasury department is charged with no duty in the matter. As for laying down a policy in respect to buying bonds, it may be questioned whether he can not buy to better advantage without disclosing such a policy, than if his ways were announced beforehand. Surely no one will question the right of the Secretary to make the best bargain he can; and though by keeping his own counsel the bondholders may lose something, which is gained by the Government, this is not a thing which the Secretary of the Treasury is required to consider.

The leading event in the stock market during the month has been the corner in the common stock of Hannibal and St. Joseph, by which the price was run up from 57 to 225. It is said that nearly all the parties have settled, but one at least still holds out, who has appealed to the courts to test the legality of the transaction. It is hoped that in the interest of honest business and the public welfare the suit will not be withdrawn, but pressed to a conclusion. What will be the ultimate profits to those who manipulated the corner, after they have sold their surplus stock, remains to be seen Most of these enterprises have proved delusions, and the end of this latest venture is not yet.

Its effect on the stock market has been apparent. Outside operators have not dared venture, as they did previously; at every rumor of another corner the shorts have rushed in to cover, while the cooler and more cunning ones have taken advantage of the temper of the market to use it to their advantage. Those who expected to gain by the advance of stocks, if a corner was effected, have bought; and those who had been trying to unload their heavy burdens succeeded, in many cases, in so doing. By crying "corner," it is said that Jay Gould drove Wabash up four per cent., at which price he sold to those who, doubtless, are still waiting to see the corner. An extraordinary degree of patience will be required, for the operation of cornering Wabash is not yet begun.

Speculation has been rife during the month in many directions, especially in grain, cotton and petroleum At the close of July, when petroleum was selling at 71⅞ cents per barrel, the lowest quotation of the year, cliques were formed to take advantage of the fact that the market was largely oversold. The price advanced gradually to 85 the early part of September, notwithstanding there had been a constant increase of crude oil ever since January. On the opening of September transactions in this product were suddenly increased to an enormous magnitude. At the end of the seventh day 7,932,000 barrels had been sold without much advance in price; during the next seven days more oil was sold than the entire stock in the oil regions, and the price had advanced to 100¼ by the 13th. From the 8th to the 15th, inclusive, 27,572,000 barrels were sold. The price has dropped, ranging around 90. This flurry of speculation has had a bad effect on the export trade for the present, nor was there any real reason for an advance.

The wheat speculation has developed to huge dimensions, and is very largely participated in by outsiders, who seem to be very confident that the advance in price will be sustained. Some attribute the advance to great short sales

which are supposed to have been made, and others to the fact that so many are buying. But the effect of these sudden advances on our exchanges is obvious, as we have more fully shown elsewhere.

The following table shows the capital and net profits of the banks of this city as exhibited by the last official report; also the last quotations or sales of the stocks:

	Capital.	*Net profits.*	*Bid.*	*Ask.*	*Last sale.*
America	$3,000,000	$1,713,900	—	—	144
American Exchange	5,000,000	1,530,700	—	—	130
Bowery	250,000	200,500	—	—	135
Broadway	1,000,000	1,244,500	230	—	243
Butchers and Drovers'	300,000	207,500	—	—	130
Central National	2,000,000	475,900	131	—	131
Chase National	300,000	150,600	—	—	123
Chatham National	450,000	162,000	—	—	125
Chemical National	300,000	3,457,900	—	—	1675
City National	1,000,000	1,541,200	—	—	253
Citizens'	600,000	170,600	—	—	113½
Commerce	5,000,000	3,086,200	150	—	150
Continental National	1,000,000	238,300	—	125	120
Corn Exchange	1,000,000	948,500	175	—	175¼
East River National	250,000	65,900	—	—	99½
Eleventh Ward	100,000	12,900	—	—	89½
Fifth National	150,000	58,200	—	—	109½
First National	500,000	2,982,200	—	—	367½
Fourth National	3,200,000	1,128,300	—	—	125½
Fulton National	600,000	398,900	123	129	143
Fifth Avenue	100,000	269,500	—	—	222
Gallatin National	1,000,000	838,300	—	—	151
German-American	750,000	123,600	—	—	92½
German Exchange	200,000	85,500	93	—	97½
Germania	200,000	91,600	—	—	101
Greenwich	200,000	23,400	—	—	112
Grocers'	225,000	23,800	—	—	85½
Hanover National	1,000,000	346,600	135	—	132½
Importers & Traders' National	1,500,000	1,988,500	255	300	253½
Irving National	500,000	134,100	—	—	133
Island City	100,000	4,100	—	—	—
Leather Manufacturers' National	600,000	498,500	150	—	165¼
Manhattan	2,050,000	1,127,100	140	—	143½
Manufacturers & Merchants'	100,000	10,500	—	—	50
Marine National	400,000	105,600	—	155	150
Market National	500,000	306,700	—	—	140½
Mechanics' National	2,000,000	1,108,100	—	160	160
Mechanics' Banking Association	500,000	78,200	90	95	100
Mechanics & Traders' National	200,000	51,000	—	—	103¼
Mercantile National	1,000,000	162,700	—	—	125¼
Merchants' National	2,000,000	716,800	131	—	138¾
Merchants' Exchange National	1,000,000	195,200	100	101	100½
Metropolis	300,000	90,100	—	—	86
Metropolitan National	3,000,000	1,200,000	—	—	170
Murray Hill	100,000	83,400	—	—	50
Nassau	1,000,000	122,700	107	—	104
New York	2,000,000	827,600	—	—	151¾
N. Y. National Exchange	300,000	98,600	—	—	101
New York County National	200,000	49,100	—	—	—
Ninth National	750,000	134,800	120	—	125
North America	700,000	192,800	—	—	104
North River	240,000	79,000	—	—	100
Oriental	300,000	192,800	—	—	140
Pacific	422,700	239,000	140	—	197
Park	2,000,000	1,055,100	165	—	165¾
People's	200,000	124,500	—	—	153
Phenix National	1,000,000	214,200	—	110	110
Produce	125,000	800	—	—	30
Republic	1,500,000	794,700	146	—	146
Second National	300,000	103,900	—	—	—
Seventh Ward National	300,000	57,200	—	—	89
Shoe and Leather	500,000	168,700	—	—	128
Sixth National	200,000	67,400	—	—	—
St. Nicholas National	500,000	132,100	—	125	118
State of New York	800,000	380,800	—	—	120
Third National	1,000,000	296,200	—	—	110
Tradesmen's National	1,000,000	329,900	—	—	122
Union National	1,200,000	754,300	149	—	157
United States	500,000	7,300	—	—	—
West Side	200,000	138,500	—	—	—

The reports of the New York Clearing-house banks compare as follows:

1881.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Sept. 3...	$337,207,200	$62,343,800	$15,617,900	$315,927,200	$19,683,200	*$1,020,100
" 10...	334,091,900	64,601,700	15,076,400	314,828,200	19,782,200	971,050
" 17...	333,625,800	65,079,700	14,561,800	316,749,500	19,785,800	454,125
" 24..	332,672,300	64,984,400	15,057,200	314,317,300	19,765,200	1,462,275

* Deficiency.

The Boston bank statement for the past four weeks is as follows:

1881.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Sept. 3.......	$162,405,700	$7,954,400	$3,059,300	$103,886,500	$31,558,600
" 10.......	161,153,000	7,305,600	3,041,100	102,409,800	31,526,200
" 17.......	158,845,500	6,721,300	3,160,700	99,841,400	31,635,300
" 24.......	157,215,700	6,991,400	3,207,900	98,695,700	31,691,900

The Clearing-House exhibit of the Philadelphia banks is as annexed:

1881.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
Sept. 3.......	$80,431,769	$20,077,783	$73,125,221	$10,667,735
" 10.......	81,192,498	20,003,036	73,049,693	10,845,126
" 17.......	80,651,493	18,958,607	72,364,396	10,903,161
" 24......	79,321,536	18,443,751	70,450,936	10,942,595

RANGE OF LEADING STOCK QUOTATIONS IN SEPTEMBER.

QUOTATIONS:	*Sept. 1.*	*Sept. 7.*	*Sept. 14.*	*Sept. 21.*	*Sept. 30.*
U. S. 6s, 1881, Coup...	101½	101¼	101¼	101⅛	100½
U. S. 4½s, 1891, Coup.	112⅞	113	113⅜	113¾	113⅜
U. S. 4s, 1907, Coup...	116	116¼	117⅜	117⅜	117¼
West. Union Tel. Co..	87½	88¼	92⅛	87¼	86½
N. Y. C. & Hudson R.	141½	143⅛	145½	143¼	142⅞
Lake Shore...........	123¾	123⅞	125⅝	126	125¼
Chicago & Rock Island	133¾	135¾	139	137½	137⅝
New Jersey Central...	92⅜	94	98	95⅝	96
Del., Lack. & West....	123¼	124½	127¾	126½	128
Delaware & Hudson..	108¼	108	110½	109	109⅜
Reading..............	61	60⅝	65½	66	71¾
North Western........	123⅜	125⅜	127¾	126½	125¾
Pacific Mail..........	48¼	50	52⅝	50¼	51
Erie..................	42⅛	43	44¾	45⅛	45½
Discounts............	5 @ 6	6	5 @ 6	5 @ 6	5
Call Loans...........	3	4 @ 6	4 @ 6	5 @ 6	6
Bills on London........	4.81@4.84	4.81@4.84½	4.81@4.84½	4.80½-4.84½	4.80½-4.84
Treasury balances, coin	$83,893,446	$80,970,988	$79,145,635	$77,519,705	$82,810,957
Do. do. cur.	$4,725,599	$4,488,605	$4,317,016	$4,056,926	$5,026,19

DEATHS.

At SKOWHEGAN, Maine, on July 2d, aged seventy-three years, SAMUEL ROBERTSON, President of the Second National Bank.

At CINCINNATI, Ohio, on September 22d, aged seventy years, STANHOPE S. ROWE, Cashier of the Second National Bank of Cincinnati.

At BOONVILLE, Mo., on August 11th, aged fifty-five years, J. L. STEPHENS, President of the Central National Bank of Boonville.

At MONTROSE, Penn., on August 29th, aged sixty-eight years, WILLIAM J. TURRELL, President of the First National Bank of Montrose.

At NEW YORK, on September 22d, aged sixty-nine years, HENRY F. VAIL, President of the National Bank of Commerce of New York.

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WHICH IS THE WISER POLICY, TO PAY DEBT OR INTEREST?

The rapid reduction of the National debt has caused another stirring of the fires of discussion concerning the expediency of continuing the present system of taxation. It is affirmed by those opposed to the existing system, that the taxes now levied are a grievous burden, weighting down our industries and retarding our National prosperity; and that lighter taxation, though longer continued and reducing the debt more slowly, would be a sounder policy than a rapid discharge of it by maintaining high taxes.

Throughout our National history a public debt has never been regarded as a National blessing. The payment of debt has always been more agreeable to the people than the payment of interest. The Revolutionary debt was bequeathed to the present Government, and Congress had not been long assembled before the members bent themselves to the task of providing for its early extinguishment. No one proposed to continue it for future generations to pay. The country was not wealthy, nor accustomed to taxation, but there was a healthy dislike of debt which nerved the people to adopting those measures which it was believed would speedily result in discharging the public indebtedness.

During the early years of the Government many heavy and unexpected expenses were incurred, and no reduction could be made; but, with the opening of the century, the reduction commenced and continued at a rapid rate until the war clouds of 1812 began to gather. By the happening of

that disaster the debt was largely increased, but the sinking fund was raised and the work of liquidation went on more rapidly than ever. In 1834 the debts of two wars had been extinguished. During this long period of forty-five years public sentiment was unanimous in favor of paying the debt as soon as possible. No one demanded a reduction of taxes, because the debt was diminishing too rapidly. Every one looked to a speedy payment of the principal, not to a continuance of the interest account. The rule which is universally held to be so wise among individuals—pay your debts as speedily as possible—was regarded as equally applicable to them in their aggregate capacity as a nation.

A National debt is a very different thing in the United States from what it is in England and other European countries. It is contended that the English debt is a bond of unity, and likewise the debt of France. It is said that one reason why France pays such a high rate of interest on her debt is, that as it is almost wholly owned by her people, and is very minutely divided among them, they are more content with its existence than if a lower rate of interest prevailed. In this country the National debt possesses but very slight cohesive power. It is a greater source of envy and discontent than of National unity. The fact that it is not taxed—though nothing could be more absurd than to tax it—leads many to look upon the "bloated bondholder" with no feeling of pleasure. He is not popular among the thousands who pay the debt but own no bonds. The bondholders are, after all, a very small class, and the National unity is more powerfully conserved by paying their bonds than by keeping such a class in perpetual existence. It is admitted that not so much is heard about National repudiation as formerly, because the weight of the debt is not felt so keenly, yet a strong under-current is ever flowing in that direction. Though running deep and softly, let no one be deluded into thinking the current has ceased. It flows still, and will continue so long as any portion of the debt remains. We maintain, therefore, that the debt should be discharged as rapidly as possible, because its existence is the cause of discontent and irritation. The debt holders do not constitute a sufficiently large and powerful class to form the National tone as they do in England and France.

That the taxes now levied, in order to pay the debt, are so heavy as to weigh oppressively upon any considerable number of people, has not been shown. We do not mean to assert that a revision of our tariff is not desirable. There are a multitude of imperfections which should be corrected, and if the tax were repealed on copper, chinchona bark and some other things, our industries might be benefited, and only a very slight amount of revenue be lost. But as a general proposition, we maintain that the present system of taxation,

so far as rates are concerned, is not so heavy as to cripple any important industry.

The truth is, our country is exceedingly prosperous, and there is never likely to be a more favorable time for paying our debts than the present. All are making money; hardly any one feels the taxes demanded by the Government; why, then, should it not continue to collect them? No grumbling is heard. The discussion about reducing them does not spring out of general discontent, nor proceed from the representatives of any great industry; it is confined to a few who are inspired as much by curiosity as anything else. Surely they are not sufferers under the present system, nor have they raised their voices from any peculiar regard for the welfare of others. No cry of agony has been heard from any quarter rousing their souls to proclaim the joy and desirableness of paying perpetual interest on the debt instead of paying the debt itself.

The true policy unquestionably is, while the times are good, and money-getting is so general, to reduce the debt. It will never be done more willingly. The people do not grudge the amount now taken by the Government, because they are earning a satisfying reward; but if the times should change, we might hear a different story. Only a few years ago, during "the hard times," how very slowly did the debt melt away. What an incubus it then seemed, heavier far than the albatross which hung around the neck of the ancient mariner. Now, that we are reducing it so rapidly, it seems a much smaller affair, but let the pall of another business depression be spread over the land, and the reduction of the debt cease, with the payment of sixty million dollars annually for interest, and how long before the discontent of the taxpayer would be heard in alarming tones!

Moreover, those who urge a halt in paying the debt forget the real magnitude of it. Beside the National debt proper, there is a vast State and municipal debt which also truly forms a part of our National indebtedness. By the last census those figures swell to the following proportions:

State debts	$260,377,310
County debts	125,452,100
School district debts	17,393,110
Debts of cities and towns having a population of 17,500 and upwards	710,535,024
Debts of cities and towns having a population of 17,500 and less	86,501,070
Total	*$1,200,359,514

Now, in respect to this vast mass of debt, the payment of the National debt proper is the most urgent, because, as it was incurred for a less palpable object than the other indebtedness, its existence is the cause of greater discontent.

*The aggregate of the sinking funds applicable to these debts is $145,051,121, which reduces the real or net amount to $1,055,308.

Incurred to defend the nation, the money was spent unproductively; there is nothing palpable left, except the National life, to show for the enormous expenditure. But with respect to local expenditure, there are water works, railroads, streets, buildings and other improvements, which can be enjoyed by the taxpayer. The discharge of this part of our National burden, therefore, can be delayed better than the other; although we do not mean to affirm that it would be a wise policy to postpone wholly the payment of our municipal obligations until the National debt proper was redeemed. A reduction, small but pretty steady, is going on quite generally all over the country, and this movement is very desirable, for the people ought to keep their faces set toward paying the entire amount. But the discharge of the National debt is of paramount importance. Nothing should stand in the way of its rapid reduction during a time of prosperity like the present.

The true policy is to pay it speedily—the entire amount—and then when competition has grown sharper among the nations of the earth, as it surely will in the coming years, the United States, free from every form of public indebtedness, with a taxation so small as to be left out almost in every calculation, will possess an enormous advantage over competitors. This is the goal toward which our National policy should be directed. By adopting it a long career of individual and National prosperity will be insured. By throwing off the taxes now to ease the burden which can be easily and successfully borne, we should sacrifice for a present doubtful success the certain future prosperity and glory of our country. To reduce the taxes now would be a narrow shortsighted policy, which would prove terribly depressing and costly in the end.

If taxes were to be reduced, the proposition contained in Mr. Wharton Barker's circular, to repeal or diminish internal taxation is the least tenable of all, with a slight exception or two in favor of the banks. These internal taxes, however, are derived mainly from spirituous liquors and tobacco, and if there be anything more fitly subject to taxation than these things no nation has found out what it is. They are the first things selected by every enlightened nation, and in throwing off taxation would be the last repealed. The tobacco tax may, indeed, bear heavily on Senator Cameron, but instead of repealing it, would it not be easier and wiser for him to give his chewing apparatus a rest?

The fear that if the National bonds are paid, there "will be an early demolition of our satisfactory banking system," need disturb no one. Is it not possible that other bonds of unquestioned soundness might be selected by some rule established by Congress, and deposited with the Government, in place of the National bonds? If this were done, and the

Government agreed to redeem the circulation of the banks under the same regulations as exist at present, would not their notes be just as safe for the people as those now employed? The change would be very slight; the Government would guarantee the redemption of the circulation, and would be re-imbursed from the avails of the bonds deposited with it by the banks.

Instead, therefore, of abandoning our present policy would it not be wiser statesmanship to re-impose the tax on tea and coffee, and set aside the eighteen or twenty millions derived from this source specifically for re-imbursing the principal of the debt? And in future years if the income were not large enough to pay all the expenditures of the Government and also the amount required by the sinking fund, would it not be wiser, as it certainly would be far more honest, to regard the sum needed for the latter purpose just as sacredly as that needed for any other; and if the income were too small to meet every requirement to withhold appropriations for rivers, harbors, public buildings and the like, and thus have a larger sum to apply toward the sinking fund? For surely, the delay in erecting public buildings, and improving the rivers and harbors as they are too frequently improved, would cause a smaller loss to the people than the delay in paying the debt.

THE MONEY MARKET AND THE TREASURY SURPLUS.

Notwithstanding the unusually large disbursements of the Treasury for the last six weeks, there has been a considerable stringency in the money market, while the bank reserves in New York and other Eastern cities during the greater part of this period have been below the limit fixed by law. It has not been easy to account for this condition of the money market until recently; and it is worth while to consider briefly what have been the chief disturbing agencies, although in doing so the unwelcome fact will appear that even the money market can be very seriously affected by the operations of a few individuals.

Before considering these causes it may be noted that although money has commanded a high rate of interest, several millions of bonds which the Government is willing to pay, and on which interest has ceased, have not yet been presented. It has been said, in explanation of this delay to present them, that there are many people in this country who will never loan money in Wall Street whatever may be the rate of interest. Until they can get the kind of invest-

ment they desire, they suffer their money to lie idle, and prefer to keep it in the Treasury than in a bank. There are others, too, who have used these bonds as collateral for long loans which they cannot afford to pay.

While the slow redemption of the bonds no longer bearing interest which the Government is ready to pay may thus be easily accounted for, it was not so easy for a long time to explain the persistent outflow of money from New York at an unusual season of the year. It is now ascertained, however, that Mr. Vanderbilt and some others have been employing their money in Chicago. Various reasons have been given for such action. One reason is the expected profits from the business, while another and the more probable one is, to depress the stock market. This view is strengthened by the fact that the continuance of the railroad war for some time has depended almost wholly on the action of Mr. Vanderbilt, who has shown no desire to negotiate a treaty of peace.

The vast speculative movements in various directions and their long continuance will account for the employment of much more money. Never was the atmosphere more heavily charged with the speculative element than at present. Vast sums of money are thus absorbed, but it is in the West that these operations have been conducted on the largest scale, and thither has the money gone week after week, nor is it easy to predict when the movement will cease.

This money drain in New York has led many to look to the Treasury for relief. The opinion has been everywhere expressed that it was not the duty of the Secretary of the Treasury to regulate the business of Wall Street, and yet not a few joining in this utterance have besought him to pay out more money, notwithstanding the fact that the actual available cash balance in the Treasury has been no larger than usual, and no larger than it ought to be to meet the demands of the Government.

The popular idea that a vast useless balance is lying in the Treasury, is due to the manner of making up the monthly Government statement. A short analysis of it will at once dispel the idea that the Treasury has millions which it can pour into the money market in the way of redeeming the public obligations.

The total cash in the Treasury the first of October was $250,686,547.32. Against this sum must be set various liabilities. First may be mentioned the debt on which interest has ceased since its maturity. The aggregate amount due was $10,039,595.26, and the unpaid interest on the same amounted to $764,590.30.

This sum is composed of the fragments of thirty-two loans, as will be seen from an examination of the following table:

Old debt	Various, prior to 1837	4 to 6%	Matured at various dates prior to January 1, '37.	$57,665 00	$64,174 81
Mexican indemnity stock	August 10, 1846	5%	Matured at various dates in 1851 and 1852	1,104 91	85 74
Loan of 1847	January 28, 1847	6%	Matured December 31, 1867	1,250 00	22 00
Bounty-land scrip	February 11, 1847	6%	Matured July 1, 1849	3,275 00	213 06
Texan indemnity stock	September 9, 1850	5%	Matured December 31, 1864	20,000 00	2,945 00
Loan of 1858	June 14, 1858	5%	Matured after January 1, 1874	8,000 00	——
Loan of 1860	June 22, 1860	5%	Matured January 1, 1871	10,000 00	600 00
5-20's of 1862, (called)	February 25, 1862	6%	Matured Dec. 1, 1871, and at subsequent dates.	371,800 00	538 00
5-20's of June, 1864, (called)	June 30, 1864	6%	Matured Nov. 13, 1875, and at subsequent dates.	58,750 00	172 69
5-20's of 1865, (called)	March 3, 1865	6%	Matured Feb. 15, 1876, and at subsequent dates.	77,050 00	18,915 52
10-40's of 1864, (called)	March 3, 1864	5%	Matured July 9, 1879, and subsequent dates	550,550 00	113,289 57
Consols of 1865, (called)	March 3, 1865	6%	Matured Aug. 21, 1877, and at subsequent dates.	438,350 00	8,045 52
Consols of 1867, (called)	March 3, 1865	6%	Matured April 1, 1879, and at subsequent dates.	1,245,000 00	209,512 16
Consols of 1868, (called)	March 3, 1865	6%	Matured July 4, 1879	390,150 00	27,660 57
Loan of February, 1861	February 8, 1861	6%	Matured December 31, 1880	191,000 00	834 00
Funded loan, 1881, (called)	July 14, '70; Jan. 20, '71	5%	Matured May 21, 1881, and at subsequent dates.	3,272,750 00	215,563 00
Oregon War debt	March 2, 1861	6%	Matured July 1, 1881	149,950 00	5,607 43
Loan of July and Aug., '61	July 17, and Aug. 5, 1861	6%	Matured June 30, 1881	1,908,600 00	4,829 96
Loan of 1863, ('81's)	March 3, 1863	6%	Matured June 30, 1881	712,700 00	30,684 55
Treas'y notes prior to 1846	Various, prior to 1846	1-10 to 6%	Matured at various dates from 1838 to 1844	82,525 35	2,668 06
Treasury notes of 1846	July 22, 1846	1-10 to 6%	Matured at various dates in 1847 and 1848	6,000 00	206 00
Treasury notes of 1847	January 28, 1847	6%	Matured at various dates in 1848 and 1849	950 00	57 00
Treasury notes of 1857	December 23, 1857	3 to 6%	Matured at various dates in 1858 and 1859	1,700 00	99 00
Treasury notes of 1861	March 2, 1861	6%	Matured March 1, 1863	3,000 00	364 50
Seven-thirties of 1861	July 17, 1861	7 3-10%	Matured August 19 and October 1, 1864	16,300 00	1,104 43
One-year notes of 1863	March 3, 1863	5%	Matured at various dates in 1865	43,675 00	2,195 85
Two-year notes of 1863	March 3, 1863	5%	Matured at various dates in 1866	35,250 00	1,784 80
Compound-interest notes	Mar. 3, '63; June 30, '64	6%	Matured June 10, 1867, and May 15, 1868	228,690 00	46,633 49
Seven-thirties of 1864-'65	June 30, '64; Mar. 3, '65	7 3-10%	Matured Aug. 15, '67, and June 15 and July 15, '68.	141,600 00	4,891 61
Certific's of indebtedness	Mar. 1, 17, '62; Mar. 3, '63	6%	Matured at various dates in 1866	4,000 00	253 48
Temporary loan	June 30, 1864	4 to 6%	Matured October 15, 1866	2,960 00	244 19
3 per cent. Cert's, (called)	Mar. 2, '67; July 25, '68	3%	Matured February 28, 1873	5,000 00	394 31
				$10,039,595 26	$764,590 30

The Treasury also held the first of October $8,315,000 of United States notes belonging to the banks. These are held by virtue of a law enacted June 8, 1872, which permitted the Secretary of the Treasury to receive such notes on deposit from the banks and issue certificates therefor in denominations not less than five thousand dollars, which the banks are allowed to count as a part of their reserve. The Government, therefore, is merely the custodian for the banks of this sum of $8,315,000.

There were outstanding certificates for $5,248,920, which had been issued to individuals who had deposited gold coin and bullion in the Treasury. The law authorizing the issue of these certificates was enacted March 3, 1863, while a later statute regulated the amount of certificates that might be issued.

At the same date, too, the first of October, $64,149,910 of silver certificates had been issued against the silver dollars coined by the Government. The amount which had been coined from the beginning to that date was $66,092,667, so that there were only 1,942,757 silver dollars in the Treasury not covered by certificates.

It is worthy of note that of the whole amount of silver certificates issued only $11,559,730 were held by the Treasury, leaving $52,590,180 in circulation. It will be seen, therefore, that notwithstanding the opposition to the use of silver money raised in some quarters, the representative of nearly all the silver dollars coined is in active use, and maintaining the same value as the legal-tender notes. The coinage of these dollars consequently is not a useless operation. Their representative circulates just the same as the legal-tender notes which represent the gold in the Treasury. The truth is, the Government is the owner of only $13,502,487 of the hundred millions nearly which have been coined since the Bland bill became a law. The smaller silver coinage has taken the place of fractional currency, but the silver certificates are a real addition to the circulating medium of the country.

Continuing our analysis of the cash in the Treasury, we have thus far explained the following forms of liability:

Debt on which interest has ceased	$10,039,595 26
Interest thereon	764,590 30
Coin certificates	5,248,920 00
Silver certificates	64,149,910 00
Interest due and unpaid on bonds not matured	2,143,883 42
Total	$90,661,898 98

Deducting this total from the $250,686,547.32 cash in the Treasury, and there is a balance of $160,024,648.34.

Against this sum must be set still greater liabilities than those mentioned. First of all are the legal-tender notes which amount to $346,681,016. Then there is a remnant of

the old demand notes issued in 1861 and 1862, amounting to $60,040. Lastly, is the fractional currency, the amount of which still in existence is reckoned at $7,098,506.02. The total of these liabilities is $353,839,562.02—$193,814,913.68 more than the entire amount in the Treasury.

It has been regarded necessary, however, to keep no more than forty per cent. of this liability in the Treasury, or $141,535,824. Deducting this sum from the previous balance of $160,024,648.34, the "available cash balance" in the Treasury the first of October to pay current obligations was $18,488,824.34. This certainly is not a large sum for the Treasury to keep on hand; and is less than has often been kept during the last two years. There is then no surplus for the Secretary of the Treasury to expend except that daily accruing from an excess of receipts over expenditures. As this has been spent in payment of bonds about as fast as it has accrued, it is evident that all the noise about the accumulation of a surplus in the Treasury and the withdrawal of millions from the money market is a pure delusion.

Whether the Secretary of the Treasury should have the power now exercised by him in the disposition of the surplus is a question concerning which much may be said. A vast injury might be inflicted by an unwise use of this power. The motives of the Secretary of the Treasury are liable to be misinterpreted. On the other hand, thus far the Treasury Department has exercised this power not only without exciting the suspicion of acting from improper motives, but without incurring very serious criticism, or interfering with any business interest. Desirable as it might be both for the Government, and for the protection of the Secretary himself, to mark out his course by legislation more definitely for him, it would prove an exceedingly difficult thing to legislate at all, unless the Government cut down the revenues to such a degree as to leave no surplus for the disposal of the Treasury. The subject is worthy the consideration of Congress, and very likely may excite discussion at the next session of that body.

SOUTHERN RICE GROWING.

The cultivation of rice in the Gulf section is annually assuming proportions of greater magnitude. Before the late war it nearly reached the yield of 200,000,000 bushels yearly. After the war its cultivation was resumed on a large scale, and in 1870 the harvest was about 74,000,000 bushels. This year's crop throughout the Gulf States will probably reach nearly 150,000,000 bushels.

THE GUARANTY OF PROMISSORY NOTES.

A very important inquiry has recently been addressed to us concerning the guaranty of promissory notes. The particular note which occasioned the inquiry was negotiable and in the usual form on its face; on the back, however, were these words, "Demand, Notice and Protest waived, and payment guaranteed at maturity." The guaranty was signed by the payee and afterward the note passed into the hands of a *bona fide* endorsee. The question is, whether the note is subject to defences which may be urged by the maker?

Of course, if the guaranty is regarded as an indorsement, then the principles established by the law merchant would would apply to the parties in interest. But a guaranty of this character has not always been regarded as an indorsement. The decisions in this country are, unhappily, quite conflicting; nor are those made by the Supreme Court of Massachusetts consistent with one another.

The rule is, however, now clearly established by the States of Massachusetts and New York that a guaranty is a special contract to which the law relating to indorsements does not apply. Furthermore, it would seem as though this view was gaining ground and must ultimately prevail everywhere. It has been followed by the Supreme Court of the United States, and still more recently by the Supreme Court of New Jersey.

It is worth while to note the course of some of the decisions establishing it. The question first arose in Massachusetts in *Tyler* v. *Binney*, 7 Mass. 479, when it was decided that a mere guaranty of the payment of a note, written like that described, could not be treated as an indorsement in blank, transferring the note to any *bona fide* holder and authorizing him to commence an action in his own name as indorsee.

Then followed the decisions of *Blakely* v. *Grant*, 6 Mass. 386, and *Upham* v. *Prince*, 12 Mass. 13. In the latter case the payee having signed a guaranty of the note, expressed to be such, was held liable to the holder as upon a common indorsement. The guaranty read, "I guaranty the payment of this note within six months."

But in the case of *True* v. *Fuller*, 21 Pick. 140, the position taken by the Court in *Tyler* v. *Binney*, was reaffirmed. In 1847 *Tuttle* v. *Bartholomew* was decided. The note in question was a promissory note payable to S or order, and S and T signed their names to these words written on the back: "We guaranty the payment of this note." The Court reviewed the previous decisions of that State, admitted they were conflicting and adhered to the rule laid down in *Tyler*

v. *Binney*. The case is reported in 12 Met. 452. This opinion was reaffirmed four years later in *Belcher* v. *Smith*, 7 Cush. 482. Thus the law in Massachusetts, first established in *Tyler* v. *Binney* and subsequently shaken, is now firmly re-established.

Perhaps the strongest statement of the law in New York is contained in the case of *Miller* v. *Gaston*, 2 Hill, 188, in which the opinion of the Court was delivered by Judge Bronson. The guaranty was on the back of the note and read, "for value received I guaranty the payment and collection of the within note to A M or bearer when due." The Court held that this contract was equivalent to giving a new note by the person signing it, on which he might be charged as maker by any subsequent holder in his own name, but in respect to the original note the contract was a mere guaranty, and as such was not negotiable. The Court observed that in New York the distinction had not been lost sight of between commercial paper and other promises to pay money, and that a man might guaranty the collection or payment of a promissory note or make any other special undertaking in relation to it without being regarded either as maker or indorsee of the original instrument. The contract of guaranty upon this note, says the Court, differs not only in terms, but in its own nature, from the contract of indorsement upon mercantile paper, and the two things cannot be confounded without losing sight of the agreement made by the parties and setting up another in place of it. See *Meach* v. *Churchill*, 2 Wend. 630; *L'Amoureaux* v. *Hewitt*, id. 307; *Allen* v. *Rightmere*, 20 John. 365; and also *Watson's Executors* v. *McLaren*, 19 Wend. 557, and same case, 26 id. 425.

On the other hand, in Maine and Vermont a different rule has been established. In *Partridge* v. *Davis*, 20 Vt. 499, an elaborate and well-reasoned opinion was delivered, in which it was held that a written guaranty of the payment of a promissory note placed by the payee on the back of it for the purpose of negotiating it, whether with or without restriction, or with or without recourse, was the same in legal effect and for every practical purpose as an indorsement and might be thus treated. Such an indorsement operated to transfer the legal title in the note to any subsequent holder, notwithstanding the person to whom the note was first transferred was not named in the indorsement, and it was not made in terms to order or bearer. It was further held that an indorsement thus made in the form of a guaranty would render the payee liable as indorser to any subsequent holder of the note upon proof of the proper demand and notice. The maker of such an indorsement was also liable as guarantor without proof of demand and notice if the note were not paid at maturity. The Supreme Court of Maine, with-

out discussing the question so elaborately, arrived at a similar conclusion. *Myrick* v. *Hasey*, 27 Me. 9.

Two years ago the same question was before the Supreme Court of the United States. *Trust Co.* v. *National Bank*, 101 U. S. Sup. Co. 101. The respondent, a National bank, made its promissory note for $5,000, payable to the order of the Cook County National Bank, four months from date. It was agreed that but $1,000 should be advanced on the note, and that it should be held by the payee as a memorandum, and should not be negotiated. Only $1,000 was advanced thereon. The payee, before its maturity, however, had it discounted by the appellant with the following written on the back: "For value received we hereby guarantee the payment of the within note at maturity or at any time thereafter, with interest at ten per cent. per annum until paid, and agree to pay all costs and expenses paid or incurred in collecting the same. B. F. Allen, Pres't." This writing was held to be not an indorsement, depriving the respondent of the right of setting up against the note in the hands of the appellant such equities as existed between the respondent and the payee. The Court declared that a guaranty is not a negotiation of a bill or note as understood by the law merchant. In this case the guaranty written on the note expressed fully the contract between the Cook County Bank and the Trust Company. Being express, it could raise no implication of any other contract. The contract could not, therefore, be converted into an indorsement or an assignment. And if it could be treated as an assignment of the note, it could not cut off the defences of the maker. Such an effect resulted only from a transfer according to the law merchant, that is, from an indorsement. The same view is maintained by Parsons in his work on *Notes and Bills*, vol. 2, p. 133 *et seq.*

The same question has been still more recently considered in New Jersey in *Hayden* v. *Weldon*, which is to appear in the next volume of Vroom's reports. Elsewhere in this number will be found a full report of the case. It was urged that a guaranty, when indorsed upon negotiable paper, becomes so incorporated with it as to partake of its negotiable character, and to be transferable by the indorsement or delivery of the bill or note, that it passes by the same title, and has, incident to it, the same protection against defences in the hands of a *bona fide* holder that attaches to commercial paper. But the Court said this was not a correct view of the nature and attributes of the contract. By the weight of judicial authority it was regarded as a mere personal engagement, limited to and ending with the person to whom it was addressed or by whom it was first accepted; and that unlike bills of exchange and promissory notes, it was not excepted out of the ordinary rule governing the transfer of choses in action.

FORMATION OF THE TREASURY DEPARTMENT.

The independence of the American Republic had been acknowledged by the nations of the earth. From necessity a written Constitution had been adopted. These were great achievements truly, and well might the people believe in their capacity to deal successfully with any future political problem. But to organize and maintain the Government was an undertaking scarcely less perilous than the great feats which they had just performed. By a seven-years' war the people had won independence; six years of agitation had brought forth an admirable Constitution; but a hundred anxious years were to pass before National security was established.

The first Congress assembled in New York. Without delay the members engaged in the work of creating the State, War and Treasury Departments. A discussion was kindled over Gerry's suggestion that the latter department be placed under the control of a board of commissioners. Gerry was afraid to intrust so much power to one individual. But only a few members agreed with him. Most of them contrasted the administration of financial boards under the old government with that of Morris, to the obvious disadvantage of the former. Gerry himself had served as a member of one of those boards; he knew how inefficient they were, and had often spoken frankly about the way they managed the public business. The debate, though lasting several days, was very one-sided, and Congress wisely determined to appoint one person who alone should be responsible for administering the finances, and who should singly reap the glory or incur the displeasure and shame attending his official action.

Another question of less importance, though worth notice, was raised over that portion of the committee's report establishing the Treasury Department which required the Secretary "to digest and report plans for the improvement and management of the revenue, and the support of the public credit." There was no hesitation in requiring him to prepare estimates of the public receipts and expenditures, but to go further was regarded by many as a dangerous exercise of power. It was feared that members might be led by the deference often paid to those who make a special study of a subject to support the plans of the Secretary even against their own judgment. Perhaps the mischief would not stop here; it might spread until all the ministers were admitted on the floor to explain their plans, thus laying the foundation for an aristocracy or a detestable monarchy. Although these sentiments were not shared by all the members of the House, yet the report was so modified that the Secretary

was only required "to digest and prepare plans," thus leaving the question how they should be reported to the future determination of Congress.

When the Secretary had prepared his first report, which contained a plan for supporting the public credit, he inquired whether Congress would receive the report orally or in writing. Some members said the subject was so difficult that a written report could be more perfectly mastered, while others contended that inquiries would be necessary, and that the Secretary ought to be present to answer them. It was resolved to receive the report in writing, and the precedent thus established has been followed ever since; though it may be seriously questioned whether, if the Secretary were allowed to explain his reports and required to answer questions put to him orally in the House in regard to them, more light would not be cast on the Treasury business and greater watchfulness and wisdom be displayed in conducting it.

The act establishing the Treasury Department provided for the appointment of a Secretary, who was to be the head of the Department; and also for an assistant to the Secretary, who was to be appointed by the Secretary himself; a Comptroller, an Auditor, a Treasurer and a Register.

The Secretary was required to digest and prepare plans for the improvement and management of the revenue and for the support of the public credit; to prepare and report estimates of the public revenue and the public expenditures; to superintend the collection of the revenue; to decide on the forms of keeping and stating accounts and making returns, and to grant under prescribed limitations warrants for drawing money from the Treasury; and in relation to the sale of the public lands to do whatever Congress might require of him; to report and give information to either branch of the Legislature in person or in writing respecting all matters referred to him by either body, or which should appertain to his office; and also to do such other services relating to the finances as Congress should direct.

The act also prescribed the duties of the Comptroller, Treasurer, Auditor and Register. None of these officers were to be concerned either directly or indirectly in commerce, vessels, public lands or other public property, or purchase or dispose of any public securities of any State, or of the United States or reap any gain for transacting the public business. The clerks in the three departments then established were appointed by their respective heads, who continued to exercise this power until 18 .

For the head of the Treasury Department Hamilton was wisely chosen. Though only thirty-two years old, public opinion had marked him for the place and the hour. He possessed pre-eminent genius for organization, for creation.

Morris had long before discovered these qualities in him. He saw, perhaps, more clearly than any other man of his time Hamilton's admirable qualification to organize the Treasury Department, and to invent the best method for ascertaining and paying the public debt. The position was, indeed, an arduous one. The old board of the Treasury had done hardly anything in the way of ascertaining the nature and amount of the public debt, a revenue system was to be created, the public indebtedness was to be ascertained and provision made for its payment, beside organizing all the machinery of the Treasury Department for collecting and disbursing the public revenues. How he fulfilled the duties of his position "the whole country perceived with delight and the world saw with admiration. He smote the rock of the National resources, and abundant streams gushed forth. He touched the dead corpse of the public credit, and it sprung upon its feet. The fabled birth of Minerva from the brain of Jove, was hardly more sudden or more perfect than the financial system of the United States as it burst forth from the conception of Alexander Hamilton."

John Eveleigh, of North Carolina, was appointed Comptroller, and Oliver Wolcott, of Connecticut, Auditor. Ill-health soon caused Eveleigh to retire, and Wolcott was promoted to the vacancy.

The War Department was established a few days earlier than the Treasury Department, but the law was enacted so hurriedly that no provision was made for the disbursement of funds appropriated to it, or for the settlement of its accounts. The Treasury Department collected the public funds and accounted for them; the War Department was solely one of expenditure. The Secretary of War ought to have been authorized to draw from the Treasury the sums appropriated for the use of his department, and been solely responsible for the expenditure of them. The Secretary of the Treasury ought to have had no concern with the War Department beside giving warrants for the moneys thus appropriated. Such warrants would have been an acquittal to the Treasury Department and a charge against the Secretary of War. The accounts relating to their expenditure, made under his sole direction, and finally adjusted by the Auditor and Comptroller of the Treasury, would have constituted his acquittal. Thus the responsibility of each department, as well as its operations and accounts, would have been distinct and complete.

Instead of adopting this plan the duties of the two departments in expending money for the military and naval service were blended, and the part allotted to each department was not very precisely defined. It may be observed, however, that all contracts for rations, clothing and magazine supplies, were made at the Treasury, while all expenditures for other objects were made by the Secretary of War.

In this manner the business was conducted until 1792, when the office of "accountant for the War Department" was created. He was charged "with the settlement of all accounts relative to the pay of the army, the subsistence of officers, bounties to soldiers, the expenses of the recruiting service, and the incidental and contingent expenses of the department." Two other features of the act require mention. The first was. all contracts and purchases for supplying the Department of War were to be made by the Treasury Department. The other feature was, all expenditures for the pay of the army, the subsistence of officers, bounties to soldiers, the expenses of the recruiting service, and the incidental and contingent expenses of the War Department were to be made by the Secretary of War, the money to pay therefor having previously been ordered from the Treasury.

In consequence of this legislation the expenditures of the War Department fell under two general divisions—those for supplies of all kinds, and those for services and contingent expenses. The expenditures of the first class were neither controlled by the Secretary of War, nor did he account for them; they were put under the management of the Treasury Department. The business was conducted in the following manner: The Secretary of War informed the Secretary of the Treasury by letter what supplies were needed by his department, when and where they were wanted, and in some cases furnished the necessary samples, patterns, forms and models. The Secretary of the Treasury complied with the demand of the War Department to the extent of the appropriations authorized; the purveyor of public supplies, whose office was created by a subsequent act executing the demand under the Secretary of the Treasury's directions.

At that time two modes of procuring supplies were employed by the Treasury, contract and purchase. The contracts were of two descriptions, the larger such as those for clothing and provisions, which were executed by the Secretary of the Treasury himself, and distinct accounts of which were opened in the public books; and the smaller contracts, such as those for occasional supplies, which were concluded by the purveyor, and comprised in the general settlement of his accounts. Purchases of supplies, when they could be effected at the seat of Government, were made by the purveyor, and this was his chief employment. For purchases in the country, and for procuring occasional supplies at military and recruiting posts, the Secretary of the Treasury employed the agency of the supervisors and the collectors of the customs.

The accounts of the purveyor and of all agents and contractors who procured or furnished supplies, were settled at the Treasury without any agency or interference of the War Department. They passed first under the examination of the

Auditor, who reported them to the Comptroller, whose decision was final.

When supplies were procured and delivered on requisitions of the War Department, they became subject to the disposal of the Secretary of War, and the duty and responsibility of the Secretary of the Treasury ceased.

The second class of expenditures in the Department of War—those for services and contingent expenses, including the pay of the army, subsistence of the officers, bounties, recruiting, protection of the frontiers, etc.—were made under the sole direction of the Secretary of War. The money for these objects was drawn from the Treasury in the following manner: The Secretary of War addressed a letter to the Secretary of the Treasury requesting an advance of money to the Treasurer of the United States in his capacity as treasurer for the War Department. The letter specified the sum wanted, and the head of the appropriation under which it was to be applied. The Secretary of the Treasury complied with the request to the extent of the appropriation made for that purpose. A warrant for the sum, signed by the Secretary, countersigned by the Comptroller and recorded by the Register, was drawn on the Treasurer of the United States in favor of himself as treasurer for the War Department. When the warrant was paid the amount was charged to the War Department, in the books of the Treasury, and from that time remained subject to the disposal of the Secretary of War, who drew it, as occasion required, by warrants signed by himself and countersigned by the accountant. The latter officer kept an account of all these warrants, and to him every account for the expenditure of money drawn under them were rendered in the first instance. He adjusted them, and reported them, like all other accounts of public expenditure, to the Auditor of the Treasury. From him they passed to the Comptroller, whose action was conclusive.

In the latter branch, therefore, of the expenditures for the Department of War, the control and responsibility of that department was complete, and the accounts were susceptible of a clear and distinct division and adjustment. The Secretary of War drew from the Treasury the moneys appropriated by law, expended them, and accounted for them. But in the other branch of expenditures, those which related to supplies for the use of the War Department, there was a divided, and consequently, an imperfect, responsibility. The Secretary of War judged what supplies were necessary; but instead of purchasing them and drawing money from the Treasury to pay for them, he informed the Secretary of the Treasury what was wanted, and he procured them. Thus the former officer was responsible for making known the need of supplies, and the latter officer for their quality, price and

delivery. The moneys thus appropriated for the War Department were expended by the Secretary of the Treasury, who was converted, in respect to these expenditures, into a subordinate agent of the Department of War. The supplies were purchased for one purpose and charged to the corresponding head of appropriation. When placed in the public stores they were found useful for another purpose, and were accounted for under another head. The Secretary of War, who used them, did not know to what account they were charged; and the Secretary of the Treasury, who purchased and charged them, did not know for what purpose they were used. Hence, there resulted an endless confusion and uncertainty in the accounts, and the apprehended difficulty to ascertain what expenses were incurred for any particular branch of the military service often changed into an impossibility.

In both Navy and War Departments this state of things existed after the creation of the latter. At last a new arrangement was devised for obviating the difficulties described, which was as simple as it was effective. This consisted in endowing the Secretaries of War and Navy with the same powers and responsibilities in respect to expenditures for supplies as the former already possessed in respect to expenditures for services. The office of accountant for the Navy Department was established, the purveyor of supplies was put under the direction of the Navy and War Departments, and the money appropriated for each department was thereafter accounted for under such separate heads of appropriation as conveyed a clear idea of the amount expended in each department of the public service.

"CORNERS" AND BANKS.

Morris Granger's exploit in cornering cotton in Liverpool, and the recent gigantic speculative movements in this country, have led many to inquire whether a preventive against such dire occurrences cannot be devised. For no one will question that these operations are exceedingly injurious to every business interest. A well-regulated corner may, indeed, be a delightful thing to the winners, but the injury resulting therefrom to others is often widespread and lasting. The recent bull movements in grain have had the effect of diminishing its shipment abroad very seriously, although, as every one knows, there is a large surplus to send away or to perish. It cannot be consumed here. A very considerable portion of last year's crop remains unsold, and yet prices have been advanced so high that for a time, at least, exportation has almost ceased. The California wheat growers, it

is true, wiser than the grain dealers on the Atlantic coast, continue to sell at prices which tempt foreign shippers to make large purchases, and in the end will doubtless make more money than those who are seeking to win fortunes by purely speculative operations.

Some of the fruits of these recent speculative movements have already appeared. The cotton spinners and operatives of Great Britain realize keenly what Morris Granger has done for them. He has not been their benefactor or helper. He has proved a new and dreaded enemy far worse than the cotton bug, for his ravages cannot be predicted with any certainty whatever. In this country the cotton manufacturers guard against such attacks generally by keeping a considerable store of cotton; they are not guilty of the sublime folly of their English brethren of buying only a very short supply and thus leaving the market wholly to the manipulation of the cotton brokers. But the English spinners seem to have been very sluggish except in putting their heads into Mr. Granger's mouth. By selling cotton short in enormous quantities they pulled down the pillars on their own heads. Had they attended to their own proper business of buying cotton for consumption and spinning it, they would not have found their own brains spinning when obliged to walk up to the captain's office and settle. Having discovered their folly they then tried to get out of the trap by shutting down their mills and thus bringing much suffering upon thousands of innocent workingmen. No wonder that so many are indignant at the conduct of these spinners. They are deserving of no sympathy and get none. But since the effects of this cotton speculation are so far reaching, the inquiry is very timely and serious, what can be done to prevent such calamities—such an injury and crushing of interests in no way participating therein?

If the recent grain speculations here have not caused equally serious losses to the working classes, nevertheless the evil consequences are very great and may be more lasting and disastrous in the end. In the first place, the loss to the shipping interest is very large. Light freights and low prices are neither profitable nor desirable. Nor should these things be when it is considered how large a quantity of grain ought to be sold and sent abroad. Besides, Russia has raised a large surplus of grain this year, and high prices here will be hailed with delight by the Russian, who will reap a rich reward while our grain is lying in elevators and waiting for a market. Perhaps, too, these wise speculators will find out some day that the European markets needing grain have quietly supplied themselves largely elsewhere, and can survive without buying the entire surplus produced in America. It should be remembered that if a small surplus is likely to exist the desire of

all to sell will ultimately cause a large drop in prices. A small excess or deficiency in food products often produces a very wide alteration in their price. It is true a surplus of grain, if it could be preserved without deterioration, might be held for a short time; but in no case is it kept very long, and when the time for selling it arrives the price is sure to be affected by the fact that it is a surplus product which will be purchased only on certain conditions unfavorable to the seller.

The ill-effects of these speculative movements are so obvious that an effort is making, among some of the merchants in New York in the shipping and other "regular" trades, to obtain an expression of commercial public sentiment against the cornering of food products and the consequent stoppage of our foreign exports, but it has as little prospect of success as the similar movement at Chicago to make the Board of Trade of that city show its hand on the subject. The Produce Exchange will not move in the matter, for the reason that the majority of its wealthier members are identified with the very practice it is proposed to condemn, and the minority dare not attempt to do anything. They say, however, if the Board of Trade at Chicago would lead in the matter they would follow, but they do not want to place themselves in the position of dictating to the trade elsewhere. The New York Chamber of Commerce has also been appealed to, to take some action on the subject, as a representative of the solid commercial interests, but that body do not see their way clear just yet for an official utterance on the subject. They say they might as well try to stop stock gambling in Wall Street by a series of resolutions, as to stop gambling in wheat, or corn, or pork, by indignation meetings. Individual mercantile firms and the banks, they are persuaded, can stop the thing if they make up their minds to it.

In England the press is advocating the suppression of corners by law, but it would be easier, doubtless, to pass an act of Parliament condemning such operations than cornering the operators in public prison. Yet something may be done by the Government to suppress these practices. If all contracts for future delivery were declared to be illegal, very likely the unlucky ones in many cases would take advantage of such a law to escape from disgorging. Elsewhere we have given the charge of Judge Jameson, of Chicago, to the Grand Jury on this subject, and it is a very interesting and weighty utterance of the law and the duties of the State respecting its enforcement. The havoc which speculators are making in so many of our markets, deranging prices, stopping trade, vastly increasing the uncertainty of future calculations, aggravating the anxiety of the man of business, and rendering business a greater burden than ever—this condition

of things which is now prevailing to such an alarming extent requires an application of all the remedies which Legislatures and other bodies can wisely prescribe and enforce.

A far greater power than is possessed by legislatures for preventing corners may be exercised by the banks. To-day, especially in Chicago, they are the life-blood of speculation. They are pouring naphtha on the fires and making them burn with the fiercest intensity. If the banks should withhold their funds from those who want them for purely speculative uses, and loan them to others engaged in legitimate business, speculation would receive a severer check than can be administered by any other power. It is true some banks will not loan money to those wanting it for speculative operations; and if all of them occupied the same solid ground, they would not only break the giant head of speculation, but add immensely to their usefulness and popularity.

NEW TENDENCIES OF POLITICAL ECONOMY IN ENGLAND.

[TRANSLATED FROM THE REVUE DES DEUX MONDES.]

A very interesting movement of ideas is going on among economists of all countries, tending to revise the fundamental principles of the science. This movement, which has its principal representatives in Germany, has also found decided partisans in Italy, Denmark, Spain, France, and it has even invaded England, the home of economic orthodoxy and of the Manchester school. A discourse. lately delivered before the Social Science Congress at Dublin, by the eminent mathematician, Mr. Ingram, summed up ably some of the views of the dissenting school. We shall endeavor in turn to present these new ideas, as they are expounded in the writings of an economist, well known, not only in his own country, but also upon the Continent, Mr. Cliffe Leslie.

Although the death of Mill, Cairnes, Bagehot and Thornton, has made a void in England, not as yet filled, the science in which they gained distinction continues to be there the subject of numerous, and in many respects, remarkable works. Mr. Fawcett, one of the most esteemed and influential members of the House of Commons, now Postmaster-General in Mr. Gladstone's Ministry, has not been prevented by his blindness from publishing a highly appreciated *Manual of Political Economy*, of which his wife has made an excellent abridgement for primary instruction; Robert Lowe, formerly Chancellor of the Exchequer, and recently created Lord Sherbrooke, is the inflexible representative of Ricardo's mathematical formulas; Thorold Rogers is prepar-

ing a new volume of his *History of Agriculture and Prices*, which is a model of its kind; M. D. Macleod, in his important works: *Dictionary of Political Economy*, *Theory and Practice of Banking*, and *Principles of Economic Philosophy*, displays vast erudition and great practical knowledge in the service of a completely false, dominant idea; Leone Levi, author of a *History of the Commerce of England*, enjoys great authority in the matter of statistics; Robert Giffen and Bonamy Price are especially occupied with financial questions; several of Jevons' works have been translated into French, notably his fine book on money; the banker, Newmarch, has completed Tooke's famous *History of Prices;* George Goschen, a very distinguished member of Parliament, at present Ambassador of England to Constantinople, has written various "Essays" that have attracted great attention, and a *Theory of Exchange*, published in French by Guillaumin, which is indisputably the best book on the subject; finally, a whole group of young economists, A. Marshall, J. S. Nicholson, John L. Shadwell, J. Macdonell, A. J. Wilson, U. N. Hancock, are beginning to make a name.

I.

Mr. Cliffe Leslie does not belong to the party of the "socialists of the chair," the German *Kathedersocialisten*, for he asks for no extension of the powers of the State. His place is rather with the historical economists, like Roscher and Knies, and it may even be said that he is the principal representative of this school in England, for though Tooke and Rogers have put forth historical researches of the greatest interest, they have not thought of employing history as a special method of investigation in political economy. The chief aim of Mr. Leslie's books is to combat most energetically those abstract formulas, which, following Ricardo's example, have been in use so much abused. He contends that the economist can only arrive at the solution of a question by taking into account two historical series of facts: Firstly, the succession of the economical conditions of human society and their causes, whence arise the laws that have prevailed in the present constitution of the social system; secondly, the development and progress of the philosophical theories attempting an explanation of economical phenomena. He thinks that these two kinds of investigation are indispensable and most intimately related; for in his opinion the subject and direction of economic thought at every period have been determined principally by the condition of society for the time being, just as economic theory in its turn has exercised a great influence on the course of economic events. Thus, in a recent essay on American economists (*Fortnightly Review*, October, 1880), he proves that the quite peculiar characteristics of the development of riches in the United

States have given rise there to some very different doctrines from those generally admitted in England. The system of protection finds so many adherents there, because the immense resources of a virgin country, worked out by an enterprising and energetic race, utilizing at once all the discoveries of science, produce incalculable riches of every sort. Carey disputed Ricardo's theory of rent, according to which the most productive lands are always cultivated first, because he had under his eyes the progress of agricultural development in the United States, which, indeed, has passed from the light and sandy soils to the heaviest and most fertile.

Mr. Leslie has never been deceived by the flattering illusions of optimism. The historical method has preserved him from it, and has inspired him with some truly prophetic previsions. Twenty years ago, when the increasing facility of intercourse, international exchanges ceaselessly augmenting, and relations between States becoming daily more intimate, led to the hope that nations would no longer be seen rushing one upon the other like wild beasts, he asked himself: What is the future of Europe—is it peace? History in hand, he answered: No; and predicted the great conflicts we have since witnessed. The good Abbé de Saint-Pierre's dream is willingly revived by the economists, and they are prone to believe in perpetual peace. What can be more natural? Have they not demonstrated that war is now a senseless affair, since the most brilliant victories and conquests bring no real advantage to the victors? M. Eugene Pelletan wrote long ago some pages entitled: *The Loser Gains.* He proves that in modern wars the vanquished is generally the most favored. Was it not, indeed, the reverses of 1854 that brought to Russia the emancipation of her serfs, the creation of a complete network of railroads, the organization of local autonomies, and all those reforms pictured recently by Mme. de Novikoff with all the eloquence of patriotic pride? Did not Sadowa secure liberty to Hungary and a constitutional government for Austria? Was it not by passing through a series of hard trials that Italy conquered her unity and independence? And, in fine, if a still more striking confirmation were wanted of the truth of this paradox, could it not be found in the comparative situation of France and Germany since 1870? What profit can there be for a State in annexing the provinces of a neighbor? What advantage would England derive from the conquest of the Transvaal? Military glory costs the taxpayers dearly and profits them nothing. How many milliards has France paid for the laurels Napoleon III desired to crown himself with since 1859?

The economists are certainly right; if the people had but the instinct of the brute beast that pursues its own interest, there would be no more wars. Unfortunately prejudices,

rancor, rivalries, the ambition of the rulers and the stupidity of the ruled still conceal this incontestable truth, that peace is not only the most sacred of duties for States, but also the first of interests. Must we, therefore, despair of the future? No, answers Mr. Leslie; history shows us that the groups subject to the same law are constantly increasing. In the beginning people are divided into tribes incessantly at war with one another. In the middle ages the lords of neighboring districts are still frequently at strife. Later, nations are formed; then the great nationalities that are growing up under our eyes. But above these powerful agglomerations appears already the idea of a superior unity, sometimes called "Europe," sometimes "the civilized world," which does not yet impose its judgments by a tribunal and by force, but frequently rather by the power of opinion. International law is by no means an empty word, though there is no supreme power which can enforce respect for it. As Mr. Leslie well says, law is not generated spontaneously among men from the feeling of what is just. It is compulsory justice. Quarrels, violence, and the necessity of putting an end to them, have given birth to it. It will be the same way with the relations of one people with another. The more terrible wars become in their proportions and consequences, the more nations will understand that their interest is to avoid them by submitting to certain rules of law and equity. The Germans of olden time settled their law suits not by pleading before a judge, as the Romans did, but with arms in hand by the trial by combat. Little by little this barbarous custom has fallen into disuse; justice imposed by an arbitrator now ends the dispute. Why should not this progress which has been made between individuals be one day realized between nations? This ideal will cease to be a Utopia the day the people claim the right of deciding for themselves upon peace or war, and whenever they are penetrated with the truth that no war, not even the most successful, can bring any compensation for the incalculable evils it causes.

Mr. Leslie's greatest service to the science he cultivates is that of having subjected to a pitiless criticism the *à priori* method, but lately generally employed in England, and still very much in favor in France. This method was for a long time that of John Stuart Mill, and his renouncing it towards the end of his life was doubtless in part owing to the influence of the writings and conversations of his friend Leslie. This is its essence. The ex-Chancellor of the Exchequer, Lord Sherbrooke, said: "Political economy belongs in particular to no people, to no epoch. It is founded on the attributes of the human mind, and nothing can modify it." What are these universal and immovable bases of the science? It is the evident fact that every man desires to

increase his well-being and savé himself from pain. "That every one aspires to increase his riches with the least possible sacrifices," says Mr. Senior, "is, in political economy, as gravitation in physics, the fundamental principle, beyond which we cannot go and of which all other propositions are only consequences or illustrations." What constitutes a science, according to Lord Sherbrooke, is the possession of sufficiently evident and well-established premises to make it possible to deduce from them the necessary consequences, and thus to predict what must happen. In war, ethics, love, religion, politics, he adds, it is impossible to foresee how men will act, and consequently to reason "deductively;" but in the questions relating to wealth, the deviations, resulting from other causes than the desire of possessing it, may be neglected without fear of appreciable error. No more account need be taken of these other causes, which he calls disturbing causes, than the physicist takes of friction. To solve all economical problems, it suffices to know that the general passion governing the actions of men is the love of riches and enjoyment. Let any individual's ear be struck by the seductive chink of gold, and you can tell which way he will turn.

Mill, in his *Essay on the Definition and Method of Political Economy* thus expresses himself: "Political economy considers man only as a being in pursuit of the possession of wealth. It sets aside all other motives or passions, excepting those constituting principles opposed to the desire of wealth, such as aversion to work and the thirst for immediate enjoyment. It takes these motives into account in its calculations, because they are not, like other desires, occasionally in conflict with the pursuit of wealth, but because they are always intimately connected with it, either as a stimulant or an impediment" When certain French economists, after the example of Hippolyte Passy or M. Maurice Block, invoke constantly "the natural laws that ever and everywhere govern human society," they have the same idea of their science as that expressed by Mill. They think the name of science can only be given to a collection of propositions rigorously deduced from fundamental axioms, as in a geometrical treatise, and they wish to construct political economy absolutely on the model of the exact sciences. This is a grave error and confuses everything. The moral and political sciences, philosophy, law, politics, ethics, and political economy, have for their subject man, or rather men: variable, perfectible, free beings, who escape your formulas and whose acts will always give the lie to your calculations. Certain sociological essays eliminate liberty, it is true, claiming that actual facts are always the necessary consequence of previously existing forces and that to suppose an act perfectly free, that is arbitrary, is to admit an effect without

cause. But even in accepting this theory, it would still be necessary to take into account the innumerable influences that determine human actions and to measure their relative power. If it is the property of science to predict what must happen, it may be affirmed that the social sciences, understood in this way, are beyond our attainment. The astronomer announces the movements of celestial bodies, and chemistry the reactions of substances put in contact, because the forces at work are well known and always act inevitably, necessarily in the same manner; but who will tell us what a man, or above all, a woman, will do under any given circumstances? How can one compare exactly the relative force of the different motives that dictate human actions? Everything is determined, you say. Be it so; but who will enumerate all the determining causes? This is what Mr. Leslie has shown in the most ingenious and intellectual manner.

"No branch of human knowledge," he says, "is more impregnated with this realism of the scholastic school of the middle ages, which attributed a real existence to general and abstract notions, to mere words. The same name is given to a number of things very different in fact, but having a certain characteristic in common, to which attention is directed. This name indicates only this single 'predicate' and causes the differences of the objects it must represent to be forgotten." This desire for wealth, which is claimed to be the sole spring of the economic world, is a general name embracing a very great number of appetites, necessities and pursuits, that change with different epochs, races, latitudes, and whose effects do not at all resemble one another. In the beginning of civilization the desire for wealth signifies nothing more than the hunger and thirst that lead to anthropophagy. Later it craves the possession of a numerous nerd of cattle. When the agricultural period arrives, it is translated by a love of land; but this love has very different forms and consequences in two countries so near as England and France. In England it results in the concentration of the land in a few hands and the creation of *latifundia*. In France, on the contrary, it produces division into small estates. In the Orient, it will impel rich men to bedeck their garments and horses or elephants with precious stones; in the Occident, it will cause Croesuses, who count their fortune by hundreds of millions, to deprive themselves of everything for the purpose of accumulating in their coffers bits of paper representing railroads, factories, canals and banks, which they will never see.

This desire for wealth is far from being, as is generally supposed, a stimulant to the work of production. When the Arabs of Central Africa set villages on fire to steal away slaves, when a rack rent robs the farmer of all the fruits

of his labors, when a dishonest tradesman sells adulterated commodities, the motive is always the desire of getting rich, and yet far from contributing to the increase of wealth, they depreciate the labor that produces it. It is impossible to foresee to what acts this pretended universal spring, the search after enjoyment, will lead. Some will be induced to poison themselves with hasheesh or opium, or to intoxicate themselves with beer and gin; others to suffer every privation to enable them to buy a bit of ground; one man will work without rest, another will seek the means of despoiling his neighbors. A bone is a good representation of a dog's ideal of wealth, and his motives of action are simple and not very numerous. And yet even in this case you cannot tell in advance what love of the bone will make the dog do; were it possible, the butchers would not have a bone left. If it belongs to every science to predict what will happen, it may be affirmed, that it is impossible to establish one on this basis. As Mr. Leslie remarks, Adam Smith took care not to apply the abstract and deductive method in these matters. He constantly refers to history, and has even shown the different aspects assumed by the pursuit of riches at different periods.

Bacon said of certain philosophers: "They make imaginary laws for imaginary republics, and their discourses are as the stars, which give little light because they are so high." This applies perfectly to the partisans of the abstract method. They speak of economic phenomena as if they were all the result of free will and contract. They do not see, or they do not say, that these phenomena are principally determined by the civil laws, political institutions, and even religious or philosophical beliefs of different nations, epochs and individuals. The consequence is, that political economy really affords instruction only when, casting aside this little breviary of abstract formulas and truisms, into which they try to put the whole science, it takes its stand on the ground of history and actual facts. For example, the social question presents itself with its inextricable difficulties and fearful perspectives. Will any advance be made by appealing to the law of supply and demand and the sacramental watch-word: Let it alone, let it pass? All is for the best with liberty, it is said; the world goes on *da sè*. Doubtless, at the end everything falls into some sort of arrangement, but now it is by the slaughter of some, now by the enslavement of others. No more than in the rest of the world has the economical situation in Europe proceeded from free contracts, but from the fatalities of history, and from civil and political institutions. Whether these institutions are conformable to justice and favorable to the progress of the men they rule over, is the really interesting question that should be studied and solved.

The learned German economist, Roscher, says: "Every economic government rests upon a corresponding judicial system." The idea is correct, and we have under our eyes a striking proof of the truth of this observation. The development of industry has called into being this colossal personal property, already more important in some countries than landed property, and which, represented by securities payable to bearer, is broken up, so to speak, into parcels among the smallest of holders, passes from hand to hand like a bank note, and admits of every one having his share, large or small, of the wealth of the nation; a silent and invisible revolution that is preparing a complete social transformation. Mr. Leslie generalizes Roscher's idea and tells us: "Every successive period of social progress presents some phenomena, which the economist, moralist, jurist, and philosopher have each to consider from his own point of view. The same institutions: the family, property, inheritance, wages, in their different forms, must be examined and judged as to their utility, justice, and final and general good. There will be only superficial and erroneous views, if they are considered from but one side."

An evolution, at once moral and intellectual, may be discerned in the way men have come to produce what satisfies their needs, at first by the chase and cannibalism, then by the domestication of animals and a pastoral life, later by agriculture combined with slavery or serfdom, finally by free industry and commerce carried on by the system of wages. In this evolution all the customs and laws relative to property, duties, and labor offer a legal and economical aspect that is successively modified. In the beginning man is absorbed in the collective life of the tribe, which bears a resemblance to the cell of an active though amorphous mass; communism of the soil and the women, "tribal" responsibility, identity in all actions. It might be as well an association of beavers or ants. To-day the individual appears in his independence, with individual property, individual responsibility, individual liberty, monogamous marriage, testamentation, right of voting and judging, and also with the love of change and thirst for progress the source of much more numerous and rapid transformations than ever before. Must not economical laws take into account these radical modifications of the social organization? If political economy wishes to keep the influence that belongs to it, it must not shut itself up in the abstract formulas, that have been wrongly looked upon as the alpha and omega of the science. Supported by history, statistics, ethics, and law, it should seek to know what regulations must be adopted to enable men to attain the satisfaction of their rational necessities by work and in proportion to their work. I think it may be said with due respect that the orthodox economy has lost all its credit in repeating the axioms of its catechism, even

when its organ is so distinguished an intellect as that of Lord Sherbrooke. It ceases to be listened to, because it offers no practical solution to the serious problems that are forced upon statesmen and modern nations.

A REDEEMABLE BANK-NOTE CURRENCY.

A form of paper money, which has been a favorite one in this country during the present century, is that of bank notes, substantially without any limit to their quantity except the duty of redeeming them in coin on demand, imposed by law upon the institutions issuing them. Legislators have, in most cases, really endeavored, in good faith, to surround the issue of such notes with conditions calculated to insure their redeemability under ordinary circumstances. These notes were nearly all of them issued by State banks prior to 1864, but since that date they have been issued exclusively by National institutions.

I do not propose to discuss what is called the safety of such a species of currency in the sense of its immediate or ultimate redeemability in coin, but the immeasurably more important question of the steadiness of the quantity of such a money, upon which the steadiness of prices depends. Without doubt, the solvency of banks permitted to issue notes deserves careful attention from legislators, but it is still true that all the losses which have resulted from their insolvency in this and other countries, are quite insignificant in comparison with the mischiefs caused by fluctuations in the volume of the currency furnished by them.

Lord Overstone (*Remarks on the Management of the Currency, 1840,*) says:

> Security for the ultimate solvency of those who issue paper money is confounded with, and conceived to be the same thing as, security for the due regulation of the amount of that paper money—a fallacy very prevalent, and from which the most erroneous views arise. Insolvency on the part of an issuer affects the specific holders of the notes of that issuer, and those only; but improper fluctuation in the amount of the paper issues affects the whole community in common; they disturb to a greater or less extent the steadiness of prices and the regular movements of trade; and they tend to derange the equilibrium of exchange with other countries. The former evil is local and partial; the latter is general, affecting the whole country and every individual in it.

Under the old *regime* of the State banks, the States either granted special charters for note-issuing banks to substantially all applicants, or established by general law free-banking systems, as in the State of New York, under which anybody could inaugurate banking with the privilege of note

issues, on the condition of depositing in some designated official custody certain specified securities, by way of pledge for the redemption of their circulation. In most cases of State banking, under either special charters or general laws, the maximum limit of the circulation of a bank was some proportion of its capital, but this limit was ordinarily so much beyond the amount that it could actually issue and keep redeemable, that it was really no limit. In no instance did the States impose any limit upon the aggregate issues of their banks, and, as in most cases, those institutions acted independently of each other, it would have been difficult to enforce an aggregate limitation of that kind. But there is no reason to believe that any State would have imposed such a limitation, however practicable it might have been to have devised one.

Under the existing *regime* of the National banks $350,000,000 was at first fixed as the maximum limit of their aggregate circulation, but by the Resumption Act of 1875, this limit was repealed. Since that date, therefore, the only legal limit has been that it cannot exceed ninety per cent. of the bonded debt of the United States. So far, this legal limit has been really no limit, as it has always been greatly in excess of the amount of circulation which the National banks have been able to maintain. It is no more a limit than it would be to fix as the maximum punishment of a crime, an imprisonment for one hundred years, or any other term beyond the expectation of human life. [See note.]

In short, the theory of the bank-note system of this country has always been that the volume of paper money need be neither an absolutely fixed amount, nor an amount increasing regularly *pari passu* with population or wealth, but an elastic amount, varying with the capacity of the banks to keep notes in circulation and redeemable, it being always the interest of the banks themselves to keep in circulation the greatest amount possible, inasmuch as such a circulation is nothing else than the profitable exchange of their own non-interest-bearing paper for the interest-bearing paper of their customers. [See note.]

On a first view an elastic money is an absurdity as manifest and egregious as an elastic yard stick, or an elastic

NOTE.—A practical limitation upon the aggregate of National-bank notes has arisen lately from the reduction of the amount of outstanding United States bonds, the high prices such bonds have reached in the markets, and the small returns which they yield to investors in them. The course of events which has led to these results was not anticipated by the originators of the National bank system, and has for the time being suspended the (so-called) elasticity of the currency furnished by it. But a change in this course of events is always possible. and more probable than most persons suppose. To say nothing of new wars, which would create new debts, the influences hostile to the further reduction of the present debt are ramified and powerful, and experience shows that when a nation can be persuaded to stop reducing a debt, the next step almost certain to be taken is to expand it.

NOTE.—"Banks must be constantly desirous of increasing their loans by issuing their own credit in the shape of circulation and deposits. The more they can get out the larger the income. This is the *motive power* that ensures the constant expansion of a mixed currency to its highest possible limit. The banks will always increase their indebtedness when they can, and only contract it when they must."

—Amasa Walker's *Science of Wealth*, Book III, Chapter IV.

bushel measure. If the American people do not now see how intrinsically and hopelessly fatal such a money is, it is because a long habit has accustomed them to it, and because their instructors in finance have been chiefly persons in the interest of the powerful classes which specially profit by the system of bank-note issues.

These instructors teach that money is sound, not when its volume maintains such a steady proportion to population and exchanges as will preserve steadiness in prices, and make time contracts to pay money signify the same thing when they mature as when they are entered into, but when its volume contracts and expands in obedience to what they call the wants of trade. The regulation of the volume of the paper part of a currency which they commend is, that it shall be such a quantity of bank notes as can be kept floating in the channels of circulation, between the dates of their issue and of their presentation for redemption. The measure of this quantity will be, of course, constantly indicated at every given time by the greater or less rapidity with which the notes already issued by the banks return to them for redemption. They have at all times the motive of their own profit to keep out the greatest amount of non-bearing interest notes which will remain in circulation, and it is this maximum possible amount which, according to the doctrines most in vogue in this country, is always the proper amount. The teachers of these doctrines admit that it is a fluctuating amount, but they say that these fluctuations are always in the proper direction, because they are determined automatically by the conditions and demands of trade, and are undisturbed by the interference of the political authorities.

It would seem to be obvious, however, that the conditions of trade must render it possible to float an increasing amount of bank notes when prices are rising, and when the production and exchanges of merchandise are stimulated and multiplied by an advance in prices, and also that, as the amount of bank notes actually floated is always the maximum amount which can be floated, the inherent tendency of bank-notes at such times must be to expand indefinitely in amount, and to correspondingly inflate prices and business indefinitely, until the inflation is ended either by an adverse balance of foreign trade, or by a panic originating in home causes. And it would seem to be equally obvious that when prices are declining, and when production and exchanges are checked, as they always are, and necessarily must be, by declining prices, the quantity of bank notes which can be maintained in circulation will fall off, and that the resulting diminution in the volume of the money of a country will still further depress prices. As in the opposite case of an expansion of prices and of the quantity of bank notes in

circulation, the tendency of a decline of prices must be to still further diminish the quantity of bank notes in circulation, and this process must go on indefinitely until it is ended by such a favorable balance of trade as will revive prices by importations of gold and silver, and by reviving prices render it again possible to increase the quantity of bank notes which will float in the circulation and not be presented for redemption.

Lord Overstone, in the work just quoted from and which was published four years before Peel's Act of 1844 radically changed the previously existing system, notes as one of the "*three circumstances*" responsible for "*the improper fluctuations in the amount of the paper currency of England*," the following:

It is issued in the form of advances for commercial purposes. A rise of prices is, therefore, accompanied by an increase of issues, and a fall of prices by a diminution of issues.

McCulloch, in his edition of Smith's *Wealth of Nations*, says:

So long as any individual or set of individuals may usurp the royal prerogative and issue paper without let or hindrance, so long will it be issued in excess, in periods when prices are rising and confidence high; and be suddenly withdrawn when prices are falling and confidence shaken.

What thus seems to be the natural course of the fluctuations of a bank-note currency, has invariably been witnessed in the experience of the countries which have tried it. Without doubt, these fluctuations are automatically determined by the conditions of trade, of which the most material of all is the fact of the rising or falling of the general range of prices. Governments do not directly cause them, although they are justly responsible for the necessary effects of any system which they establish. Nor have the banks themselves in this country caused these fluctuations by any volition of their own, either under the old system of State banks, or under the present system of National banks. A concert of action among institutions so numerous and scattered, to increase or diminish their aggregate note circulation, is a chimerical idea. Each one follows for itself the law of its being, which is to maintain its own note circulation at the largest possible amount. But the mischiefs of fluctuations in the volume of bank notes are none the less, nor more easily to be endured, because they result from the conditions of trade. Governments can no more escape their responsibility in respect to the vital object of steadiness in the volume of money, by remitting its magnitude to the capricious chances and changes of prices and commerce, than navigators can escape responsibility for the ships, cargoes and passengers entrusted to their care, by turning them over to the automatic control of the winds and waves.

Of writers in this country the late Amasa Walker, of Mas-

sachusetts, has been, during this generation almost alone in pointing out the inherently vicious character of a bank-note circulation, which he describes as a "*mixed currency.*" He says truly of it, that it would be better if its movements were the result of accident, because they might then be sometimes in the right direction, but that from the nature of the causes which control its fluctuations, they are always in the wrong direction. On that point he observes (*Science of Wealth*, Edition of 1874, Book 3, Chapter 6):

The more that is issued of a mixed currency, the more will be wanted. The supply does not satisfy the demand—it excites it. Like an unnatural stimulus taken into the human system, it creates an increasing desire for more; and the more it is gratified the more insatiable are its cravings.

There are two reasons for this: one, that as the currency is expanded prices are raised correspondingly, and more currency is demanded to effect the same exchanges; the other, that the speculation inevitably following the rise of prices leads to an enormous extension and repetition of indebtedness, which requires for its discharge a greatly increased amount of the circulating medium. Thus, by the action and interaction of these causes the demand for the issue of this kind of currency is certain to be greatest when it is already redundant. . . . The cause that limits the expansion and finally produces contraction, is the liability of the notes to be presented for money.

As Mr. Walker observes, the "*most common*" cause of the presentation of bank notes for redemption is "*an adverse balance of trade*," and he might have added that this cause will be sure to operate sooner or later, if it is not anticipated by some panic originating at home from "*a political convulsion, a failure of some large trading or banking company*," or other occurrence. An "*adverse balance of trade*" cannot be long avoided as prices advance under an increasing volume of bank notes. Prices and the volume of money in every country on the metallic basis must in the long run preserve a certain relation to the prices and volume of money in other countries on the same basis. To this complexion it must come at last. As prices go above the prescribed level, imports increase and exports diminish, until coin is called for to settle balances with the foreigner. Then comes a demand for the redemption of bank notes, and the volume of them possible to be maintained in circulation is diminished from two causes:

1. The theory of a bank-note currency is to maintain a large proportion of paper to coin, and the profit of such a currency to its issuers depends upon the magnitude of the proportion, which has varied in this country from three to ten of paper to one of coin. Whatever proportion of coin is at any period regarded as safe, according to the current financial ideas and teachings, the banks cannot permit their coin to fall below it without the risk of a panic, and as their

oin is drawn away they must reduce their paper from three to ten times as much. [See note.] This reduction is effected only in a small degree by redemptions, but principally by receiving their own notes in payment of debts due to them and not re-issuing them for the time being.

2. As prices fall after the contraction begins, with the unavoidable accompaniment of curtailed production and exchanges, the capacity of the country to absorb and float bank notes diminishes.

And, as already observed, this process of shrinking in prices and in the volume of money would go on indefinitely, if it was not finally arrested and reversed, by a depression in prices so far below the level prescribed by the foreign commercial connections of the country, as to induce a favorable balance of trade and importations of coin.

The strange delusion of an elastic money to consist of bank notes, promising but not representing coin, seems to have been mainly peculiar to this country. It never prevailed, either long or extensively, in Europe, and has been abandoned there by the most enlightened nations as wholly unsound for more than a generation. That such a system of money should have been so long a favorite one in the United States is extraordinary, not merely because it is really the worst system ever devised by perverted human ingenuity, but because it so completely neglects and repudiates the most obvious and universally accepted requirement of a sound money, that it should be, as far as possible, steady in volume. Indeed, the merit claimed for bank-note money is the unsteadiness of its volume, or, in the phraseology of its supporters, its elasticity.

Walker (*Science of Wealth*) says:

> The Bank of England, the parent of all mixed-currency institutions throughout the world, was established in 1694; but its operations were so limited and its influence so partially felt during the first century of its existence, that the character of the currency it issued was hardly appreciated.

The first century of the existence of the Bank of England ended in its suspension in 1797, which continued twenty-four years, and it was only in the short interval between 1821 and 1844, that Great Britain has had any experience on an important scale of a bank-note currency, regulated in amount by the capacity of the Bank of England, and of the numerous other banks in the United Kingdom authorized to make paper issues, to keep such paper redeemable. The result of this experience was the entire abandonment of that system, and the establishment by the Bank Act of 1844 of what was and is known in British financial discussions as Sir Robert Peel's "*curreney principle*," that the volume of

NOTE:—"If ten millions are to be paid abroad, it must be taken from the specie of the banks; the basis of the currency is so much diminished and the circulation must be curtailed accordingly. If the proportion of specie is as one to five of notes, then the export of ten millions abroad must cause a contraction of fifty million dollars at home."

—Walker's *Science of Wealth*.

British money shall fluctuate only with the increase or decrease of gold coin. The Bank Act of 1844, which he originated, admits of bank notes, but so regulated that changes in them do not affect the volume of money. The Act accomplishes this, by imposing upon what is known as "*the fixed issue*" of the Bank of England and of the other banks in England, Scotland and Ireland, authorized to issue notes, the total aggregate limit of about £30,000,000, or rather less than $150,000,000. This was assumed as an amount of bank notes which would never come in for redemption, and no coin is either kept, or required to be kept, as a reserve to protect it. In point of fact, the bank notes outstanding in Great Britain have never yet fallen to this very low permanent minimum prescribed by Peel's Act, and it is difficult to conceive that they ever can. Beyond that minimum the Act absolutely prohibits the issue of a single note unless an equal amount of gold is kept in reserve. Of course, any additional notes issued under that restriction are merely the representatives of actual coin, and do not vary the volume of British money any more than the certificates of gold and silver deposited in the United States Treasury vary the volume of American money.

The British discussions, in and out of Parliament, in 1844 and since, have been animated and thorough. Several subsequent Parliamentary Commissions have taken the opinions upon it of merchants, of bankers, and of persons not merchants or bankers, who have made the currency a subject of scientific study. The general result to this time has been that British support of Peel's "*currency principle*" has not been shaken, and that the system which it superseded, of a volume of bank notes fluctuating with the amount possible to be kept in circulation under the conditions and demands of trade for the time being, is still regarded by most Englishmen as "*a grand system of insidious swindling*," as Mr. Harding of the Bank of England, writing under the *nom de plume* of "Hardcastle," once pronounced it to be.

In the new German Empire the British "*currency principle*" has been almost exactly copied. The differences are the two following:

1. In Great Britain the fixed issue of bank notes tends in some small degree and very slowly to diminish, under a provision that when the fixed authorized issue of any bank lapses by its insolvency or its going out of existence from any cause, the Bank of England falls heir, not to the whole of such lapsed issue, but to only two-thirds of it. In Germany the Imperial Bank falls heir to the total fixed issue of any provincial bank which may lapse.

2. The German prohibition of any issue in excess of the fixed issue, except such as is bottomed upon an equal amount of specie, is not absolute, but is in the shape of a provision that any excess of issue without an equal amount of specie,

shall pay a tax to the Government of five per cent. per annum. While this permits an excess of issue under extraordinary circumstances, it is manifestly sufficient to keep the excess within very narrow limits as to amount and duration. It is a safety valve for extreme cases, such as have been three times (in 1847, 1857 and 1866) met in Great Britain by a ministerial suspension of the Bank Act.

The fixed issue of bank notes in Germany is 385,000,000 marks, or $96,250,000, which is supplemented by notes of the Empire, which have taken the place of the notes of the several States constituting the Empire. These Imperial notes amounted in 1876 to 174,800,000 marks, or $43,700,000, but are to be gradually reduced until 1890, when their amount will be 120,000,000 marks, or $30,000,000.

In Austro-Hungary, the Imperial Bank is the only bank allowed to issue notes, and is required to cover fully with coin all notes in excess of 200,000,000 florins, or about $96,000,000. In addition there are Imperial notes (the equivalent of such notes as the American greenbacks were before the resumption of 1879), of which the permissible maximum is 312,000,000 florins, or $149,760,000. The Empire has also an authority, which it partially exercises, to issue, on the basis of mortgages which it holds on alienated State domains, notes to the amount of 100,000,000 florins. The actual aggregate of Imperial notes of both kinds outstanding October 1, 1876, was 354,000,000 florins, or $169,920,000. (See U. S. Monetary Report, pages 103 and 104 of Appendix to the first volume.) About the 1st of September, 1881, the aggregate was reduced to 328,000,000 florins, by the substitution of silver florins for one-florin notes.

In Italy, by a law passed in 1868, the aggregate note circulation of the banks is fixed at 700,000,000 *lire*, or $133,000,000.

In fine, in no important country in Europe do we find anything approximating the elastic bank-note system which has been so long the *ignis fatuus* of American finance. Without going further into detail, it will be sufficient to observe in respect to France, where the Bank of France is alone authorized to issue circulating notes, that although it is in its proprietorship a private corporation, it is under Government control in all matters affecting the currency, and that thus far, except under the stress of war, this control has been exercised in the direction of making its notes very nearly the actual representatives of specie. At any rate, no such theory has ever been accepted or acted upon in France as that of leaving the volume of the outstanding notes of the Bank of France to fluctuate up and down, as the maximum of the notes possible to be kept in circulation and redeemable may vary with the changing conditions and demands of rade.

OBSERVER.

REVENUE TAXES ON BANKERS AND BROKERS.

The recent position of the Commissioner of Internal Revenue in respect to taxing bankers and brokers, has been taken in consequence of a discovery made in Chicago some time ago. It was ascertained that a Canadian bank had established a branch in that city, and was doing business upon the home bank's capital. This Canadian capital was not returned in the list of assets subject to taxation, and so the tax paid by the bank was very small. About $75,000 to $100,000 was recovered as a penalty, and to prevent further cases of this kind the position was taken that borrowed money is capital within the meaning of the law, and hence subject to taxation.

Further examination in Chicago disclosed the fact that certain banks there had underpaid their taxes to the extent of nearly $260,000, and, of course, the suggestion occurred that if the banks in that city had fallen into error bankers in other cities might have done so. Examinations made in Boston, Baltimore and Philadelphia disclosed large amounts of taxes due. In the case of one bank in New York $125,000 was found to be due, which the bank officers expressed their willingness to pay at once. In almost every instance the banks cheerfully permitted the examination, and expressed their willingness to pay whatever taxes might be due as soon as the amount could be ascertained.

Since 1866, under a decision of the Secretary of the Treasury, taxes have been paid by the banks upon their net deposits, and this new determination to tax them upon their gross instead of their net deposits was not favorably received. In respect to the taxation of brokers, the Commissioner maintained that the question hinged upon a nice distinction in their method of doing business; that while there were many brokers who could not be held liable to taxation as bankers, there were many who were clearly doing the business of bankers within the definition and intent of the statute.

Finally a hearing was had before the Commissioner covering the whole ground of taxing bankers and brokers. Gentlemen were present representing the banks of New York, Boston, Baltimore and Cincinnati. William Dowd, and C. E. Southmayd, attorney for the Bank of North America, of New York, presented the case on behalf of the banks, and urged that the only equitable basis for determining the bank deposits subject to taxation is the Clearing-house statement each day, showing, as it does, the exact condition of the deposits of the several banks for the day previous.

At the conclusion of the hearing upon this point Algernon S. Sullivan representing the bankers of New York and Boston presented the views of his clients. He explained in detail the transactions involved in stock transfers, and desired the Commissioner to recognize the distinction between transactions and actual deposits, in basing the taxation of the business of brokers. He claimed that the intent of all revenue law was to tax property and not transactions. He instanced the purchase for a customer of 1,000 shares of stock by a broker, the customer might give his check for $10,000 (the margin) which the broker would deposit in bank, and though he gave his check for $150,000 to complete the transfer,

it would be entirely in the nature of a call loan, and such checks should not be subject to taxation when deposited. On an active day the stock in question might be transferred ten or twelve times, involving, perhaps, a million or more upon paper, when not a hundredth part of that amount of capital was in actual use. The brokers, he said, already pay a double tax; a tax upon their capital employed, and again as this capital is deposited in some bank, subject to their draft, it appears in the bank deposits and pays another tax. He believed the same rules should apply to the brokers as to the bank, that the call loan should not be considered subject to taxation but simply the actual cash deposited.

Mr. George P. Bispham, representing the Philadelphia Stock Exchange, made an argument claiming that the brokers should not be assessed as bankers under the definition of the statute.

The Commissioner admitted that the question hinged upon a matter of fact, the character of their business and manner of doing it.

Mr. Bispham claimed that in fact, the brokers merely acted as middle men in bringing buyer and seller together, and were not bankers in the sense of making discounts, receiving deposits, or receiving bonds and stocks for sale in the intent of the statute.

He was followed by Mr. Fisher, of Baltimore, who argued that call loans should not be taxed as deposits. The questions raised by these two gentlemen were briefly, whether loans made upon stocks to complete their purchase should be treated as deposits; and whether brokers receiving stocks for sale thereby became liable as bankers. During the debate which ensued the Commissioner intimated an inclination to decide in favor of the brokers on the call-loan question, if it could be shown that the law authorized such a decision. He said his desire was to collect only such taxes as the law said should be collected, not to squeeze out of bankers or brokers what is not properly due. The discussion in regard to brokers will be continued to-morrow.

Upon the subject of determining an equitable basis for calculating the taxable balance of deposits the Commissioner referred to his ruling in the International Bank case, in which decision he quoted and approved a rule adopted as a guide for National banks in 1864, which excluded "from the balance of any day's deposits such checks on city banks as were deposited on that day for collection with the understanding that the money was not to be drawn from the bank until the next day." He said, so far from abandoning this rule, as had been stated, he proposed still to follow it and to recognize the Clearing-house settlements. The New York bankers claimed that their business was conducted under conditions which would authorize them to exclude from their deposits these Clearing-house checks, which were passed through the Clearing-house with the understanding that they were not to be drawn upon until the following day.

Commissioner Raum stated that in instituting these examinations into the various banking institutions of the country he had not attached importance to the Clearing-house check question as a source of revenue. The fact was that examinations made in Chicago had elicited that certain banks there had underpaid their taxes. From the examinations already made in New York he was fully satisfied that about $ 1,000,000 of taxes had not been returned by bankers through inadvertence or otherwise.

On October 8th the Commissioner rendered the following decision:

TREASURY DEPARTMENT,
OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE,
WASHINGTON, D. C., Oct. 8, 1881.

Deposits of Checks or Drafts.—Clearing-House Settlements.

Where deposits are made of checks or drafts which are immediately carried to the credit of the depositor, and which are subject at once to payment by check or draft, they must be treated as taxable deposits on the day the same are received and entered to the credit of the depositor; but in adjusting the daily balances of deposits, Clearing-house settlements will be recognized, and banks and bankers will rectify the balances appearing on their books at the close of each day's business by deducting the amount of checks received from the Clearing house each morning, treating such checks as though they had been received and charged up before the close of business on the previous day.

Money Borrowed to Complete Payment for Stocks or Bonds.

Where a banker borrows money upon the pledge of stocks or bonds, for the purpose of completing payment for the same stocks or bonds, the money so received cannot be treated as a deposit within the meaning of the statute.

Money Received for Investment.

Where a banker receives money for immediate investment in bonds or stocks, either in partial or full payment for the same, and such money is so invested on the day on which it is received or on the following day, it is not a deposit. But where money is received for future investment in bonds or stocks, it would be subject to the order of the customer, and must therefore be treated as a deposit subject to taxation.

Proceeds of Sales of Stocks or Bonds.

Where a banker sells bonds or stocks received from or held by him for a customer, and remits the proceeds on the day the same are received, or the following day, the amount is not a deposit. But where such proceeds are carried to the credit of the customer, and held subject to his check or draft, such money is a deposit subject to taxation.

Money, Checks or Drafts Received.—Money Borrowed in a Market on Notes or upon Pledge of Stocks or Bonds.

Where money, checks, or drafts are received by a bank or banker, and carried to the credit of the person who delivers the same, or for whose use the same are delivered, they become and are a deposit in the hands of the bank or banker, and if subject to check or draft, or payment on the return of a certificate of deposit or other evidence of debt, they are subject to taxation, whether the money be payable on demand or at some future day, with or without interest, and whether the depositor be secured by collaterals or not. But where a bank, which by its charter has authority to borrow money, or a private banker, goes into a market and negotiates for and borrows money, to secure the payment of which notes are given, or bonds or stocks pledged, the money so obtained is not a deposit and is not subject to taxation as such.

Special Deposits.

Deposits made with a bank or banker and mixed with the other

funds of the bank, although received for special purposes, such as, for instance, to pay dividends or interest coupons, or to provide for other payments, are subject to taxation. But a special deposit of money held intact, to be returned to the depositor, is not subject to taxation as a deposit.

Money Not Deductible Because Not Invested.—Nor When Redeposited.

Banks and bankers, when making up their returns for taxation, are not entitled to deduct from the balances of deposits shown upon their books amounts of money in possession, and not invested, nor amounts of money redeposited with other banks or bankers.

Brokerage Business Defined.

The business of a broker is to negotiate purchases or sales of stocks, bonds, exchange, bullion, coined money, bank notes, promissory notes, or other securities. He takes no possession as broker of the subject matter of the negotiation.

Every person, firm, or company having a place of business where stocks, bonds, bullion, bills of exchange, or promissory notes are received for discount, or for sale, is regarded, in law, as a bank or as a banker, and the capital and deposits of such bank or banker are subject to taxation as provided in Section No. 3408, United States Revised Statutes.

Checks or Drafts Received for Collection.

Where checks or drafts are received for collection and remittance and are collected and remitted for the following day, the collections should not be treated as a deposit, but where the money collected is held by the collecting bank and remitted at a subsequent time, during the period it is so held it should be treated as a deposit.

Overdrafts.

Overdrafts cannot lawfully be deducted from deposits in making the returns for taxation; but an overdraft is not a deposit and can not be treated as such.

Certified Checks.

Where a depositor draws his check upon a bank or banker, and the check is certified and charged to the depositor, the money represented by the certified check is a deposit in the hands of the bank until the check is paid, and must be returned for taxation.

Margins.

Margin deposits made in respect to transactions upon Boards of Trade, payable upon the return of the certificate duly indorsed by both parties, or upon the order of the President of the Board of Trade, come within the law and are taxable as deposits,

When Proceeds of Discounted Notes, Etc., are Deposits.

Where a banker discounts a note, debit check, or other evidence of debt, and carries the proceeds to the credit of the customer instead of paying him the money, the amount so credited is a deposit subject to taxation.

Surplus Profits.

An incorporated bank is liable to taxation upon the amount of capital fixed in its charter.

The undivided surplus profits of an incorporated bank are not liable to taxation as capital, nor as deposits.

When the capital of a banking firm as fixed by the articles of copartnership has been diminished by ascertained losses or otherwise, returns should be made for that portion which remains.

Surplus profits when determined, apportioned and carried to the credit of the several members of a banking firm as an additional amount invested by them in the banking business, or, without being apportioned, suffered to remain for the purpose of being regularly employed in such business, should be returned for taxation as a part of the capital of the banking firm.

But surplus profits carried to the credit of the individual members of the firm, subject to payment by check or draft or represented by certificates of deposit or otherwise, are deposits subject to taxation.

The capital and deposits of banks and bankers being subject to taxation, the books of every bank should be kept in a manner to disclose its daily business, and balances should be periodically taken, so that an examination of the books will show its liability to taxation.

GREENE B. RAUM,
Commissioner of Internal Revenue.

The Commissioner of Internal Revenue, in reply to a letter relating to his recent ruling, says: "I have no wish to go beyond the clear provisions of the law in regard to taxing the banks, nor do I intend to have the law enforced in a harsh or hasty manner. Bankers, unlike all the rest of the internal-revenue tax payers, have, without official supervision, been left to make up their accounts with the Government for taxation, and to prepare the returns upon which the assessments were made, and until now there has been no general examination of the books of bankers to ascertain whether there was uniformity in the manner of making their returns, or that they were all paying their proper proportion of taxes. Examinations which have been made have shown considerable amounts to be due the Government from various banks, whose officers have made deductions from their capital and deposits not warranted by law, while other bankers with apparently greater knowledge and care upon this subject have made full returns of all taxes due the Government. I think in the great majority of cases the banks, when shown their liability, will make payment without litigation. Some banks and bankers who, from their own statements, are liable to further taxation, have declined to allow their books to be examined. I regret to see this, for I think the bankers of the United States, who are understood to insist upon the observance of contracts and the enforcement of the laws, should set an example to other tax-paying citizens by showing a willingness to pay promptly such taxes as may be imposed upon them by law.

RAISIN MAKING IN CALIFORNIA.

Raisin making is becoming an immense business in California. One fruit grower has bought paper to line 250,000 boxes. He has already sold $20,000 worth of grapes this season, and the raisins at $2 per box will bring $500,000 more, The size of his vineyard is not stated, but $10,000 per season has been obtained from a twenty-acre vineyard.

THE THREATENED ABOLITION OF BANK NOTES.

The mere announcement of an intention upon the part of the Government to abolish bank notes, says *Blackwood*, is fitted to arouse the keenest interest alike of the banking establishments and of the public—and most of all in Scotland, which has been greatly indebted to its own bank notes for its progress and prosperity during the past and the present centuries. It must seem strange, at first sight, that the announcement in question has remained unnoticed, to all appearance, in England, and has been but partially taken notice of in Scotland. The explanation is, that the announcement of the Ministerial intentions—which, of course, means the views of the Prime Minister—is contained in a very small Parliamentary paper, in two parts, which was ordered by the House of Commons to be printed in June last, but the contents of which excited no comment in either House of Parliament. Doubtless this was chiefly explainable by the monopoly of interest attaching to the Irish land bill, and to the extreme lassitude and indifference to other questions on the part of the House of Commons, after one of the longest and most exhausting and wearisome sessions of Parliament during the present generation. The Parliamentary paper of which we speak, contains a correspondence between the Treasury and the three chartered banks of Scotland; and the facts and circumstances of the case may be summarized as follows:

The calamitous fall of the shamefully-managed City of Glasgow Bank excited the public mind in two opposite directions. The frightful ruin in which the shareholders of that bank were involved created a panic among bank shareholders against unlimited liability; at the same time, the public came to see how important it was for their interests that the liability of bank partners or shareholders should be sufficiently extensive to cover heavier losses than had hitherto been deemed possible, at least as a reasonable source of danger. No doubt the apprehension took an exaggerated form; for, as every one knows, the collapse of the City of Glasgow Bank was not owing to ordinary causes: it was not owing to "mismanagement," but to actual crime on the part of some of the leading administrators of the Bank. The calamity was really as exceptional as the occurrence of an earthquake in northern latitudes. Of the two forms which the panic assumed, the first which we have named —that is, the dread of unlimited liability on the part of shareholders, or of the banking community—was alike the more extensive, and what was deemed the more reasonable. Banks in all parts of the kingdom cried out for "limited liability," and with general approval the late Government brought in a bill (we cannot say as well framed as it might have been) enabling unlimited banks to become "limited"—a bill of which even the most powerful of the great London banks have not hesitated to avail themselves.

Sir Stafford Northcote's bill was the result of a widespread and well-nigh panic-struck demand for limitation of banking liability; and considering how large, we may almost say universal, was the eager rush of banks to avail themselves of this measure of shelter, it is somewhat surprising, and most noteworthy, that an entirely counter-movement should be made by the Scotch banks which are already fully protected. It must be said, however, that from the

very outset there has existed a remarkable "solidarity" of interests in Scotland between the banks and the community at large. The Scottish people is proud of its banks; they have been National institutions rather than private establishments. Banking in England—except the Bank of England, founded by a Scotchman—has been prosecuted exactly like any other branch of trade. But in Scotland—and strange as the statement may appear to our English readers, it is no exaggeration—banking has been carried on as a serious and all-important National trust. While seeking a fair profit upon their capital, labor, and skill, the Scotch banks have always regarded themselves as agents of the common weal. They have been prime factors of the National progress, and the good of the community has been an object which they have respected co-ordinately with their own interests. Scotchmen are proverbially "clannish;" they are much more ready than the English people to hold together for a common purpose, at some sacrifice to individual interests. No doubt this difference between the two peoples—this peculiarity of Scotch National character—is partly owing to the fact that they are, and have always been, a small nation, and a poor one. Throughout their history, "holding together" was indispensable to their independent National existence, and in later times to their industrial progress and prosperity. A family which has to struggle for existence is much more likely to hold together and combine their efforts than a family each of whose members can readily do for himself. We might claim much more for the Scotch than this; because this sense of the nation or community, this regard for the general interest, is the beginning of the ideal of human society in its high and mature form—the growth of which is indispensable to the progress of a healthy civilization, and the attainment of which must mark the crowning point of National life.

Strange, perhaps, as the statement may appear in London commercial circles, we believe that at any meeting of the shareholders of a Scotch bank, it would be a most effective argument against any proposal if it could be shown to involve a departure from the National character and policy of Scottish banking, and to be designed to benefit the shareholders by an abandonment of the policy of ceaselessly meeting the growing banking requirements of the people—as, for example, by the extension or multiplication of bank branches. We have before us a list of the dividends paid by the English banks in the year 1864, showing dividends of 20, 25, and even 35 per cent. The Scotch banks, although few in number, and practically possessing a monopoly, have constantly abjured the appropriation of such large profits. Speaking roundly, they have regarded 10 per cent. as about the maximum legitimate dividend. What do they do with the surplus gains? They devote them to multiplying their branches—to extending banking facilities throughout the country—establishing branches in small towns, even villages where a branch is not expected to pay, it may be, for a good many years to come. Diminish the profits of the Scotch banks, and the first result must be an abandonment of not a few of these branches, and a consequent decline in the general well-being of the country. And, as will appear, by-and-by—and as indeed is well known throughout Scotland—such a retrogression and curtailment of the banking facilities in the poorer districts of the country, would necessarily follow an abolition of Scotch bank notes, or a taking away of the present profits thereon. Not as a mere individual opinion, but as a fact demonstrated by their historic policy, we unhesitatingly

claim for the Scotch banks an unrivaled loyalty to the interests of their country—that they regard those National interests as co-ordinate with their own. But if their own profits be curtailed, it cannot be expected that the advantages which at present, as hitherto, they extend to their country, should not likewise suffer.

The three oldest of the Scottish banks—namely, the Bank of Scotland, the Royal Bank of Scotland, and the British Linen Company—are chartered establishments. Each of them was established (the Bank of Scotland so long ago as 1695) by a royal charter, and all their powers, as to capital, &c., are defined by those charters, and can only be altered by means of an Act of Parliament. Like all chartered corporations, their liability is limited to the amount of capital which the charter empowers them to raise. Accordingly, these three chartered banks are strictly "limited." And what they now desire is, to remove this limitation on their liability. While the large class of "unlimited" banks throughout the kingdom have been eagerly availing themselves of Sir Stafford Northcote's bill (which, indeed was brought forward in answer to their appeal to the Government), and have been curtailing their liabilities to the public, these old Scottish banks have resolved to abandon the protection to their shareholders afforded by their charters; and during last session they introduced bills into Parliament asking for power to enlarge their liability to the public—in fact, to "unlimit" themselves. It is in the history of this affair—in the correspondence between these banks and the Government—that the announcement has been made that the present Ministry are resolved to entirely abolish bank notes in Scotland and throughout the whole kingdom; and that they will do this (or attempt it) next session, if the Scotch banks will lend them a hand! A strange expectation of assistance—savoring somewhat of irony or insult.

First, let us briefly describe the present position of the three chartered Scottish banks as regards liability to the public. The Bank of Scotland, established in 1695, is at present authorized to have a capital of £4,500,000—of which sum £1,875,000 has been created or subscribed, but only £1,250,000 has been paid up, leaving £625,000 unpaid and liable to be called up. Thus, the Bank's reserve amounts to one-half of its capital. But the Bank desires to increase the amount of its uncalled capital, or the extent of its liability to the public, and therefore proposes to create the £2,625,000 of capital which it is empowered to raise, but which as yet has not been issued and subscribed. Of course it can do this of its own power, but it desires to call up this large amount of uncreated capital in a manner more favorable to the public than the Bank is at present empowered to do by Act of Parliament. When the Bank obtained power from Parliament in 1873 to increase its capital by the addition of three millions sterling, it sought leave to raise that capital in such proportions as to "paid up" and "unpaid up" as the Bank might deem best. This arrangement was approved by the House of Commons: but in the Upper House it was enacted that the new capital should be raised in such manner that for each £100 paid up, there should be £50 uncalled and in reserve. Such a proportion of reserve certainly seems sufficient; and in fixing this mode of issuing the new capital, the House of Lords were doubtless apprehensive that, if left to its own judgment, the Bank would keep a *less* reserve than this, and would make the paid-up portion of the new capital larger than two-thirds of the whole. As now shown, this was a mistake; for the Bank desires to leave a *larger* proportion of

the new capital uncalled up, and therefore in reserve. What the Bank of Scotland now asks of Parliament is, that it may be allowed to leave *more than one-third* of its new capital uncalled, so as correspondingly to increase its liability to the public. At present, as above stated, the Bank of Scotland's paid-up capital amounts to £ 1,250,000, and the unpaid portion of the subscribed capital amounts to £625,000, or one-half; and if it were to issue the £2,625,000 of remaining authorized capital in the same proportions (as at present enacted) the Bank would have a total subscribed or created capital of £ 4,500,000, of which two-thirds would be paid up, and one-third, or £ 1,500,000, would remain unpaid and in reserve. A reserve of fifty per cent., or of a million and a-half of paid-up capital of three millions, is certainly a large proportion of reserve to working capital; and that any bank should wish to establish a still larger proportion of reserve speaks volumes as to its desire to give ample security to the public by such an extension of its liabilities. Although a bank established by royal charter, and therefore strictly "limited," if it choose to keep itself so, this oldest of the Scottish banks has issued its capital in such a manner that it is practically "unlimited," *i. e.*, to the extent of one-half its working or paid-up capital; and not content with this, it goes to Parliament for power to increase still further its reserve, and liability to the public. There is no sign here of standing over-much by ancient and well-established privileges.

The case of the two other chartered banks is similar, and also simpler. The Royal Bank of Scotland (established 1727) has a capital of £ 2,000,000 wholly paid up—all of which large sum must of course be lost before the slightest loss could befall its customers or depositors; and in 1873 this Bank obtained from Parliament a further extension of its powers. Finally, the British Linen Company (established in 1746) has an authorized capital of £ 1,500,000, of which £ 1,000,000 has been subscribed and fully paid up.

These three banks, then, went to Parliament last session asking for power to create larger reserves of uncalled capital than they have hitherto been permitted by their constitutions to raise, although the liability of each and all of them was strictly limited to the amount of their subscribed capital. At the same time they voluntarily proposed to put their note issues on the most perfect footing of security that has ever been suggested. At present, under the Act of 1845, there is no special security for the "authorized" note issues of the Scottish banks; and although these banks are obliged to keep an amount of gold equal to that of their notes in excess of the authorized issue, that gold is not set apart for the noteholders, but in the event of bankruptcy, would simply form part of the general assets—as, indeed, is also the case with respect to the gold kept in the Issue Department of the Bank of England. To improve upon this state of matters, the three chartered banks proposed—(1) that this amount of gold should be specially set apart as security for the note holders; and (2), that they would henceforth keep an equal amount of consols in security for the "authorized" portion of their note issues, likewise specially set apart for the note holders. Such security for note issues is the most perfect that has ever been proposed; it is a great improvement upon the terms of the Acts either of 1844 or 1845, and consequently superior to the security for the note circulation of the Bank of England, or of any other bank in the kingdom.

One would have thought that such applications would have been

at once acceded to, and without any comment save words of praise to these banks for their broad views and loyalty to the public interests. And such, we feel assured, would have been the fortune of these applications had they ever obtained an ordinary hearing in the Houses of Parliament. But the Government interfered to prevent any hearing of the cause. Much to the surprise of the banks, Mr. Gladstone set his face against their bills; and one of his objections, and the fundamental one, is based upon his desire and intention to abolish bank notes altogether.

The first of the objections taken by the Treasury, on behalf of the Prime Minister, was that the banks brought forward their application in the form of private bills. It is hard to see how they could have done otherwise. It is by private bills that corporations or chartered institutions apply to Parliament when they seek to obtain alterations in their charters; and it has been by private bills that these chartered banks have hitherto obtained additions to the amount of capital authorized in their charters. The second demand made by the Treasury was, that these banks should take the title of "Limited." This demand, we admit, was not altogether unreasonable in itself, but it was both unreasonable and unfair under the circumstances of the case. Every corporation—that is, an institution or partnership established by royal charter—is *de jure* limited in liability to the amount of capital authorized in its charter. A corporation, in the eye of the law, is like an individual, possessed of not a penny more or less capital than that named in its charter. Hence every corporation or chartered institution is strictly limited. These three Scotch banks stand on exactly the same footing as the Bank of England and the Bank of Ireland—all of them being chartered establishments or "corporations." All these chartered establishments lie outside the laws relating to joint-stock companies. They form a class by themselves. No one has asked that the Bank of England should take the title of "Limited" (although its liability is strictly limited); neither is any other corporation required to assume that title—because the title would be a superfluity—the very fact of an institution being a corporation, or established by charter necessarily limiting its liability to the amount of its capital as fixed by its charter. If it were incumbent upon the chartered Scotch banks to take the title of "limited," the Bank of England and the Bank of Ireland in common justice must likewise be required to do so. Further, there was something peculiarly unreasonable in seeking to impose the title "limited" upon these Scotch banks, when actually the change which they desire is to "*un*-limit" themselves—either for the first time, or else for the sake of further enlarging their liability to the public. Surely, when a bank previously limited—but which has never borne that title, owing to its being unnecessary, wholly superfluous—asks to be empowered to become practically *un*limited, it is very hard upon the bank that, *solely in consequence of this change*, it should for the first time be compelled to style itself "limited;" such a course, in fact, totally misrepresenting the nature of the change which the banks is making. We repeat, it would be a strange thing if these bank were required for the first time to style themselves "limited" simply and solely because they have obtained power from Parliament to greatly extend and enlarge their liability to the public! It would not only be logically absurd and wholly unreasonable, but an intolerable injustice to the Scottish chartered banks that they should be dubbed "limited," when enlarging their liability, while

the Bank of England and the Bank of Ireland remain exempt from that title, and yet keep themselves strictly limited, maintaining their charters unrelaxed. Surely, also, it is a most improper course for the Government to erect difficulties of this kind in the way of banks which voluntarily seek to alter their constitution in a manner and direction manifestly in accordance with the general interests.

Indeed, if the two above-mentioned objections on the part of the Government stood alone, they would appear unaccountably perverse and inimical to the public interest. But when we come to the third ground of opposition taken by the Treasury, it becomes obvious that the Ministry of the day (which in such a case means Mr. Gladstone) has a special motive of its own for entirely rejecting this application to Parliament on the part of these Scotch banks—a motive for nipping it in the bud, and preventing it obtaining a hearing in the House of Commons. The Bank's application is so reasonable in itself, and so obviously advantageous to the interest of the public, that were it to come fairly before Parliament, we do not believe that even the large "mechanical" majority on the Liberal benches would sustain the Ministry in rejecting it. Certainly there is not a single Liberal member for Scotland who would support the Ministry in such a course. And hence the eagerness with which the Government has thrown every possible difficulty in the way of these Scotch banks, preventing their bills from obtaining a hearing in Parliament.

The third ground of objection taken to these bills by the Treasury, and which (as we shall see) explains this otherwise unaccountable conduct, is advanced in connection with the Scottish bank-note circulation. The three chartered banks, as already stated, had volunteered to place their note issues on a footing of security which all authorities on such subjects agree in regarding as the most perfect and suitable—namely, to keep an equal amount of Government securities (Consols, &c.) *specially set apart* as security for the "authorized" issue of these banks, and to keep gold in like manner as security for all notes in excess of the said authorized issue. In reply the Treasury "cannot accept this offer," because (they say) it would introduce "a principle which is new, so far as the United Kingdom is concerned, and which has not received the sanction of her Majesty's Government." Surely the question is not whether this offer has received the sanction of the Government, but whether it ought not to be sanctioned, as in the present case. But really so astounding a statement, or rather gross misstatement, of facts by the Treasury, is well nigh inconceivable. Surely even a subordinate of the Treasury, and undoubtedly the First Lord of the Treasury, knows full well that the system of issuing bank notes upon Government securities was the very one devised by Paterson when founding the Bank of England; that this system was approved by the British Government of that time, and that it has again and again been approved both by the Government and Parliament down to the present day! Nay, more, the entire system proposed by these three Scottish banks is the very one which was applied to the Bank of England by the Act of 1844, and which is still in force. What is the law of issue for the Bank of England but this—that what was in 1844 its ordinary circulation (equivalent to the "authorized" issues of the Scotch banks) was held to be issued upon an equal amount of Government securities, and that all notes in excess of this amount shall be issued upon gold? And is not this exactly

the system and principle of issue proposed by these Scotch banks, which nevertheless the Treasury alleges to be something "new in the United Kingdom, and which has not received the sanction of her Majesty's Government?" Further, as regards the system of issuing notes upon Government securities, it is the very one which Mr. Gladstone himself approves—only he wishes to adopt it in such a way as to destroy the entire right of issue on the part of banks.

One thing made manifest is, that Mr. Gladstone has reached a new stage in his views upon this great question, and that he is now resolved to proceed to work in his long-cherished idea of abolishing bank notes—in other words, *abolishing banks of issue altogether*, and establishing a State-issued paper money, for the entire kingdom; and that he is resolved to put every possible pressure upon the existing banks in order to tempt or force them into compliance with his will and purpose. As the Scotch banks remark, the "extension of their capital powers" which they seek stands on the same footing as the application which Parliament unhesitatingly granted to the Bank of Scotland and the Royal Bank in 1873, or as the very important concessions granted last year by the Treasury to the chartered colonial banks; nor do the chartered Scotch banks now ask anything more than Parliament, by the Act of 1879, voluntarily granted, on grounds of public interest, *to every unlimited bank of issue established* (not by charter) *under the laws relating to ordinary joint-stock companies.* Thus the peremptory refusal of the Treasury to entertain this present application from the Scotch banks is an entire departure from what have hitherto been the views of the Government and the practice of both Houses of Parliament.

The fundamental change, amounting to a revolution, in the currency of the United Kingdom, now contemplated and announced by Mr. Gladstone through the Treasury, is a momentous subject of vital interest to the banking classes and to the community at large.

The first thing to be done was to make generally known the facts (which, strangely enough, have hitherto escaped public attention) and to warn the public, and especially the people of Scotland, of what the Government has in store for them. The warning which we give comes not a day too soon. Judging from the statements contained in the Treasury letters, a bill for the abolition of bank notes and of the existing banks of issue may already be in the hands of the Government "draughtsmen," ready to figure in the Ministerial programme for the next session of Parliament.

NEW NORTH SEA CHANNEL.

One of several very important navigation projects in the north of Europe that are likely to be carried out within the coming few years, is a new channel to connect the North Sea with the Baltic, across the Province of Schleswig. Count von Moltke has recently been in Schleswig, and is reported to have given a very favorable opinion of the feasibility of the project, and it is understood that now the Government will ask the House of Deputies to vote the funds necessary for the work.

CURRENT EVENTS AND COMMENTS.

ROCKY MOUNTAIN COAL FIELDS.

The construction of railways in the Rocky Mountain range is disclosing valuable coal fields in that section. The Mexican *Nation* reports finding six feet of good coal on the line of its road near Lampazes.

CALIFORNIA'S LARGEST LAND OWNER.

Probably the largest private land owner on this continent is Col. Dan Murphy, of Halleck Station, Elko County, Cal. He went to California in 1844. He has 4,000,000 acres of land in one body in Mexico, 60,000 in Nevada and 23,000 in California. His Mexican grant he bought four years ago for $200,000 cash, or five cents an acre. It is sixty miles long and covers a beautiful country of hill and valley, pine timber and meadow land. It comes within twelve miles of the city of Durango, which is to be a station on the Mexican Central. Mr. Murphy raises wheat on his California land and cattle on that in Nevada. He got 55,000 sacks last year, and ships 6,000 head of cattle a year right along.

DANGER OF PUBLIC INDEBTEDNESS.

The dangerous part of our system of incurring public indebtedness has been pointed out in a paper from the pen of Mr. Robert B. Porter, of the Census Bureau, recently read before the Social Science Association. Of a total county, State and municipal debt of $1,200,000,000, Mr. Porter shows that the municipal debts in 1880 were nearly $757,000,000, or 62½ per cent. of the whole. Since 1870 State debts have been reduced 25 per cent., and county debts eight per cent., while municipal debts have increased 100 per cent. This is excessive and dangerous, and it ought to be checked by limitations. The fact that over a billion of local debt hangs over the country like an incubus is, to use Mr. Porter's words, "a danger that needs prompt and firm action." In some States, as Maryland, Iowa, Kansas, Minnesota and Illinois, there are constitutional provisions limiting the State debts, but the laws are not positive and stringent. Mr. Porter says: "There should be in such laws absolutely no loop-hole, and the word 'except' should be followed only by 'to repel invasion.' Let this be the uniform provision in every constitution of every State, and in ten years from now the census will not show an increase of 100 per cent. in the total of municipal debt."

DISCOVERY OF GOLD IN CALIFORNIA.

There is a singular passage in Hakluyt's famous voyage that seems to have escaped the notice of the curious; it is the account of Sir Francis Drake's voyage of 1677–80, in which he describes his discovery of the territory now called California, then known as New Albion. He says: "There is no part of the earth here taken up wherein is not some probable show of gold or silver." Two hundred and fifty years later the re-discovery of this fact set the world mad for a time, but it is strange that the gallant knight's account did not lead to earlier exploration for the hidden treasures.

NEW YORK CO-OPERATIVE STORE.

New York has just opened its first co-operative store. It is modeled after those established by the wealthier classes of London, and will very probably offer few advantages to its members, except uniformity of prices, and such security as to quality and quantity as may now be obtained in stores of good repute. Of co-operative stores organized by and for working people, there are very few outside of England, but one has been in successful operation in Philadelphia for some years. The most prosperous of those in England seem to be very much like building societies, in this respect, that the profits in them arise from the volunteer and unpaid labor of the directors. But they are of great value in encouraging thrifty habits, in spreading a knowledge of business methods, and in securing to people who need protection from sharp practices goods of first quality and of full weight or measure.

COMPRESSED AIR ON THE NEW YORK ELEVATED RAILROADS.

A successful experiment with an engine propelled by compressed air was recently made on the Second Avenue Elevated Railroad, in New York. The engine was built at the Baldwin Locomotive Works, Philadelphia, under the supervision of Mr. Robert Hardie, a Scotch engineer. There are four tubular boilers or tanks in which the compressed air is stored. The machinery resembles that of an ordinary steam engine. The locomotive tried has many devices for economizing the air. The reservoirs are connected by pipes so as virtually to form one large reservoir. The tanks were charged at three P. M., and the locomotive started from One Hundred and Twenty-seventh Street, having behind it four cars with passengers. Mr. Hardie ran the train to Forty-second Street and back to One Hundred and Twenty-seventh Street, stopping at all the stations. The train went at the rate of twelve miles an hour. It is believed that the engine can be run to South Ferry with a single charge of air. According to the present plans, if the system were adopted, there would be tanks from which the engines can be charged at both ends of the route. It is claimed that compressed air will be fifty per cent. cheaper than steam.

LONG-LIVED FAMILIES.

Some applications were recently made to a Hartford life insurance company which contained several curious and interesting facts. One of the applicants stated that he was 53 years of age, and had had sixteen sisters, fifteen of whom were living at the time of his application. One of the number had died in infancy. The ages of the survivors ranged from thirty-five to sixty-three years, running in the following series: 35, 36, 38, 40, 42, 43, 45, 47, 49, 51, 55, 57, 59, 61, 63. Another applicant stated that he was 37 years of age, and that he had eleven brothers and ten sisters. His father died at the age of 65 years, but his mother was living at 67 and was in good health. The ages of the children, twenty-two in number, ranged from 16 years to 47. The applicant was a Virginian. A third case was of a man 32 years of age, who had eleven brothers and five sisters. His father was 68 years of age, and had just married his fifth wife. An applicant from Brooklyn belonged to a long-lived race. His father had died at the age of 80 years, his grandfather at 108, and his great grandfather at 110 years of age, the average age of the three being a trifle less than 100 years.

GOLD IN GEORGIA.

The State Geologist of Georgia is of the opinion that there is now more gold in the river beds of Northern Georgia than has been taken out since mining began in that State.

UNTAXED WHISKEY.

There are now held in the bonded warehouses throughout the United States, subject to taxation when removed, 64,000,000 gallons of whiskey, representing about $55,000,000 of internal taxes. It is thought that more than half the vast amount must be removed within the present fiscal year.

CONSOLIDATION OF INDUSTRIES.

The consolidation of industry is a marked feature in the growth of the United States. The late census report upon the salt manufacture of the United States affords a striking example of this fact. During the twenty years ending with 1880 the number of salt-making establishments decreased from 399 to 264. For the same period the amount of salt produced increased from 12,717,198 bushels to 29,800,298 bushels, the average production in each establishment being 31,873 bushels in 1860, and 112,872 bushels in 1880. Michigan is the greatest salt-producing State, followed respectively by New York, Virginia, West Virginia and Ohio. These four States produce about 90 per cent. of the salt manufactured in the Union.

GAINS AND LOSSES IN STOCKS.

The first of July a list of leading stocks dealt in at the New York Exchange, the par value of which was $1,086,417.813, was worth in the market $1,157,657,776. The first of October the aggregate market value of the same stocks was $1,088,371,093, showing an aggregate decline of $69,286,663, equal to a fraction over six per cent. The list covers fifty of the principal active stocks listed at the Stock Exchange, exclusive of Hannibal and St. Joseph common, and illustrates to a degree the large amount of money employed in stock operations, and how a turn of one or two points in the market makes or unmakes a fortune. The sixty-nine millions and upwards of difference in aggregate value at the two dates give but an imperfect idea of the losses scored or the gains that may have been made from the daily fluctuation in price during the period intervening.

TOUGHENED GLASS.

Much was written five years ago about toughened glass ware. Its extra cost was probably the cause of its failure to win popular favor. Now, however, Mr. Frederick Siemens proposes to adapt the toughened glass made by his process to the manufacture of street lamp posts, water mains and other articles made of cast iron. He claims that his glass is stronger than iron castings, imperishable and incorrodible. The cost per pound allowing more profit to the maker than can be obtained from iron, is twice as much as the cost of the latter, but the specific gravity is so much less that the consumer will be able to obtain glass articles about 33 per cent. cheaper than similar goods in cast iron.

CUBAN TARIFF.

Remnants of the old colonial system of preference still exist in Cuba, whose tariff is made for her by Spain. Foreign flour there pays a duty of $6.50 a barrel, while that of Spain pays only $2.25. The Cubans groan under the yoke, but they are not able to throw it off.

END OF INDIGO.

It is believed in England that indigo will soon go the way of madder. In 1869 the annual import of madder into England was over $ 5,000,000. That year a German chemist discovered the means of artificially manufacturing madder, or, as it is now called, alizaria. The consequence is that madder is no longer raised, and the 400,000 acres of land that had been given to its cultivation are devoted to other crops. A few months ago a mode of manufacturing indigo chemically was discovered. It is not a complete success just yet, as it is quite expensive, but the chemists who have it in charge, promise that in a few weeks they will be able to turn out cheap chemical indigo. When this is done another agricultural crop, which gives employment to thousands of persons, and which was really the cause of the French colonization of Louisiana, will be abandoned.

BANANAS.

The red and yellow banana are not different species. All bananas are naturally yellow, and are made red by grafting. The effect of the graft runs out in seven years, when we have sometimes bananas that are red, spotted and streaked with yellow. There are forty or fifty varieties of this fruit. The little guineos, or fig banana, is not over a finger long, and it is one of the finest species.

ECONOMY IN USE OF FUEL IN STEAMERS.

The old Cunarder "Persia," in its day the finest vessel afloat, took six tons of coal to carry a ton of freight across the Atlantic. The "Arizona," a new steamer about twice the size of the "Persia," uses a fifth of a ton of fuel per ton of freight. These changes have greatly reduced freights, and enabled dealers to place grain and other American farm products in the English markets at a much lower price than formerly.

UNDERGROUND TELEGRAPH WIRES.

Germany has completed a great system of underground telegraph lines, connecting all the principal cities of the empire. They pr bably exceed three thousand miles of cable, or seven times that length of line. The cables used are very similar to the ocean cables, but less costly. They are laid in trenches about three feet deep, and covered with coal tar. The line is carefully tested for faults as it is laid, and no provision is made for its repair other than to provide instruments to locate a fault. In most of the American systems, inventors seem to have very little faith in the wires they use, and therefore go to great expense to provide means for repairing them without disturbing the street. There is no good reason, however, for doubting that telegraph cables will remain in good condition as long as water and gas pipes, for which no such means of ready repair are provided or needed. The German system is, in this respect, cheaper and simpler, and, so far as experience of four years shows, entirely satisfactory.

CONSUMPTION OF MATCHES.

An industrious Frenchman has collected some curious statistics of matches. He finds that in Europe every day 2,000,000,000 are used, and that for the manufacture of all the matches consumed there in a year 400,000 cubic meters of wood and 210,000 kilogrammes of phosphorus are required. If, in the striking of each match, one second is consumed, this Frenchman computes that the European population spends every day an amout of time equal to sixty-three years five months two days seven hours and twenty seconds!

THE ENGLISH COTTON CORNER.

Not long ago the London *Times* published an approximate calculation, to the effect that the number of spindles which were idle in the Lancashire mills, on account of the stoppage produced by the Liverpool cotton "corner," was 12,000,000. These figures did not, however, represent the actual number which was not supplied by cotton from Liverpool, and reckoning these latter at 3,000,000, it may be fairly represented that the total number of spindles unrepresented in the Liverpool market was 15,000,000. This attempt among the Lancashire spinners to break up the corner by a combination among themselves was, considering the hardship it would inflict on the operatives, a very severe remedy. The *Pall Mall Gazette* says it would have been an outrageous remedy, because the corner made by the Liverpool speculators was in large part at least made feasible by the speculations earlier in the season by spinners among others for a fall in the autumn. That is to say the spinners had been largely "selling short" through the summer, and the Liverpool speculators finding it out, made their corner and extracted "differences" from them in a manner which made them "squeal," and led to the stopping of their mills.

TAXES IN TURKEY.

A missionary to Turkey, who had asked his congregation to do more toward sustaining their church and not to depend so largely on foreign aid, was thus addressed by one of the members after the service was over: "I have been thinking about what you have told us, and it is true. The American Christians have sent a good deal of money to Turkey, and although we ourselves are not now receiving any of it, we ought to do more for others than we are doing; still there is a great difference between their circumstances and ours. I understand that American farmers own their own land for the most part. Here, most of the land belongs to wealthy Turks, and they take one-half of the crop. The Government also, besides a tax of three-fifths of one per cent. upon the value of the land, which the tenant pays, takes a tenth of every crop. Every sheep and goat pays an annual tax of twelve cents. When any other domestic animal, as a horse or cow, is sold, the Government takes two and a-half per cent. of the amount. Our houses are also taxed two-fifths of one per cent., or if their value is more than $800, they pay four-fifths per cent. Then, too, I believe that in America you have no soldier's tax. The Christian population of this village pays $1200 yearly as an exemption from military service." This, I may explain, is a tax which is paid by all classes, except Mohammedans, in lieu of military service. It is assessed upon every male—the infant of days and the man of one hundred years—and amounts to $1.20 for each person, which is equal to seven days' work for a common day laborer. This is a very heavy burden, especially for a poor man with a large family of boys. Then, too, there is an income tax of three per cent. assessed upon the estimated income of all tradesmen, mechanics, etc. All real estate in changing hands pays a good per cent. There are various articles, as tobacco, salt, silk, nut galls, etc., which pay a separate duty. In fact, the people say: "There is not a vein which has any blood in it which the Government has not lanced."

THE SIZE OF AMERICAN FARMS.

The following statistics, exhibiting the number and size of farms in six of the Southern States, are published by the Census Office; first, for the earlier information of the people of the States concerned; and, second, as indicating the scope of the investigation into this subject in the present census.

Table I gives the gross number of farms, in each of the States referred to, in 1880, in comparison with the corresponding figures for 1870, 1860, and 1850.

Table II exhibits the distribution of this gross number of farms among three classes, viz., those cultivated by owners, those cultivated by occupiers who pay fixed money rentals, and those cultivated by occupiers who pay as rent a share of the produce. The information contained in this table has not been gathered at any preceding census.

Table III exhibits the distribution of the gross number of farms by classes according to acreage.

Tables IV to VI exhibit the three classes of farms according to tenure, distributed further by classes according to acreage.

The marked feature of these tables is the immense increase in the number of farms in the States treated of, owing to the subdivision of the large plantations of twenty and thirty years ago, except only in the case of Delaware, where no very marked industrial change has occurred recently. In this State the increase in the number of farms only corresponds to the increase of population. In Arkansas and Florida the increase in the number of farms is also partly accounted for by the occupation of considerable regions which were practically unsettled in 1870. To no small extent this result is due to immigration into these States.

TABLE I.—*Gross Number of Farms.*

States.	1880.	1870.	1860.	1850.
Alabama	135,864	67,382	55,128	41,964
Arkansas	94,433	49,424	39,004	17,758
Delaware	8,749	7,615	6,658	6,063
Florida	23,438	10,241	6,568	4,304
Georgia	138,626	69,956	62,003	51,759
South Carolina	93,864	51,889	33,171	29,967

TABLE II.—*Tenure.*

States.	*Owners.*	*Rents for fixed money rental.*	*Rents for shares of the produce.*
Alabama	72,215	22,888	40,761
Arkansas	65,245	9,916	19,272
Delaware	5,041	511	3,197
Florida	16,198	3,548	3,692
Georgia	76,451	18,557	43,618
South Carolina	46,645	21,974	25,245

TABLE III.—*Distribution of the Gross Number of Farms, by Classes, According to Acreage, of Land Improved and Unimproved.*

	Ala.	*Ark.*	*Del.*	*Fla.*	*Ga.*	*S. C.*
Under three acres	277	97	4	69	101	118
Three and under ten	3,597	2,070	311	1,301	3,110	7,035
Ten and under twenty	13,055	10,780	484	2,456	8,694	12,519
Twenty and under fifty	41,721	19,282	1,205	7,640	36,524	27,517
Fifty and under one hundred	26,447	21,787	2,039	4,381	26,054	13,612
One hundred and under five hundred	44,254	37,976	4,631	6,562	53,635	27,735
Five hundred and under one thousand	4,645	1,793	66	652	7,017	3,693
One thousand and over	1,868	648	9	377	3,491	1,635

TABLE IV.—*Distribution, by Classes, According to Acreage, of Farms Occupied by their Owners.*

	Ala.	*Ark.*	*Del.*	*Fla.*	*Ga.*	*S. C.*
Under three acres..	92	33	3	53	35	34
Three and under ten	956	585	243	815	906	1,168
Ten and under twenty	1,652	1,417	325	1,238	1,353	2,609
Twenty and under fifty	8,501	8,981	799	3,532	6,605	5,914
Fifty and under one hundred	16,282	18,135	1,223	3,461	14,401	8,750
One hundred and under five hundred.	38,814	33,962	2,411	6,132	43,505	23,358
Five hundred and under one thousand.	4,194	1,561	32	607	6,392	3,276
One thousand and over	1,724	571	5	360	3,254	1,536

TABLE V.—*Distribution, by Classes, According to Acreage, of Farms Occupied by Persons Paying Rent at a Fixed Value in Money.*

	Ala.	*Ark.*	*Del.*	*Fla.*	*Ga.*	*S. C.*
Under three acres	51	8	—	6	27	46
Three and under ten	1,058	414	37	262	978	4,418
Ten and under twenty	3,251	2,563	73	582	1,631	5,096
Twenty and under fifty	11,858	3,464	90	1,980	8,205	8,443
Fifty and under one hundred	3,995	1,417	24	452	3,616	1,866
One hundred and under five hundred.	2,343	1,848	83	236	3,680	1,811
Five hundred and under one thousand.	248	145	3	24	280	225
One thousand and over	84	57	1	6	140	69

TABLE VI.—*Distribution, by Classes, According to Acreage, of Farms Occupied by Persons Paying Rent in Shares of the Produce.*

	Ala.	*Ark.*	*Del.*	*Fla.*	*Ga.*	*S. C.*
Under three acres	134	56	1	10	39	38
Three and under ten	1,583	1,071	31	224	1,226	1,449
Ten and under twenty	8,152	6,800	86	636	5,710	4,814
Twenty and under fifty	21,362	6,837	316	2,128	21,714	13,160
Fifty and under one hundred	6,170	2,235	692	468	8,037	2,996
One hundred and under five hundred.	3,097	2,166	2,037	194	6,450	2,566
Five hundred and under one thousand.	203	87	31	21	345	192
One thousand and over	60	20	3	11	97	30

ILLEGALITY OF CORNERING.

The following charge of Judge Jameson, of Illinois, to the Grand Jury of Cook County, on the subject of gambling contracts, or cornering the market, s not only timely, but very cheering information :

GENTLEMEN OF THE GRAND JURY: Besides the statutes against gambling, selling liquor to minors, and acts of violence to person or property, which form the subject of your ordinary deliberations, I wish to call your attention to one which I will now read :

"Whoever contracts to have or give to himself or another the option to sell or buy at a future time any grain or other commodity, stock of any railroad or other company, or gold, or forestalls the market by spreading false rumors to influence the price of commodities therein, or corners the market, or attempts to do so, in relation to any of such commodities, shall be fined not less than $10 nor more than $1,000, or confined in the county jail not exceeding one year, or both:" *Revised Statutes Illinois*. Chap 38, Sec. 180.

By this section are denounced three separate misdemeanors—the sale of "options," "forestalling the market," and "cornering the market." All these have. either in name or in spirit, been always interdicted by the common law, and that of "forestalling" was at a very early day made punishable in England by statutes. Over a century ago a movement arose in England for abolishing the restrictions upon the freedom of trade, and these statutes were, as a part of them, repealed; but the common law has remained, both there and in this country, unchanged, though fallen into disuse. The exigencies of

the times induced our Legislature a few years since to re-enact the statute against "forestalling," and to add to it those touching "options" and "corners" which I have read—offenses in which the criminal ingenuity of our ancestors seems not to have been equal.

The first offense is the illegal sale of options for future delivery of grain and other commodities. The fact that property is sold to be delivered at a future day does not make the contract illegal; or that it is not at the time possessed or owned by the seller; or that the time of its delivery is left, within fixed limits, optional with the buyer or seller, though in one sense any such sale is a sale of an option apparently within the statute. What makes it a gambling contract is the intent of the parties that there shall not be a delivery of the commodity sold, but a payment of differences by the party losing upon the rise or fall of the market. Of this intent the jury are to be the judges, and it may be inferred directly from the terms of the contract, or indirectly from the course of dealing of the parties: *Pickering* v. *Cease*, 79 Ill. 328; *Walcott* v. *Heath*, 78 Ill. 433; *Pixley* v. *Boynton*, 79 Ill. 351.

By this legislation the General Assembly had no purpose to interdict *bona fide* sales of commodities, but only such as are colorable or fraudulent, contrived by both parties as a cover merely for gambling transactions.

The offense of forestalling originally consisted in the buying or contracting for merchandise or victuals coming to market, or dissuading persons from bringing their goods or provisions there, or inducing them to raise their prices. 2 *Wharton's Criminal Law*, § 1,849.

Our statute has narrowed the offence so that it covers only forestalling the market by "spreading false rumors to influence the prices of commodities therein." The obvious purpose of the Legislature in making this provision was to protect the people, the consumers as well as innocent traders, from the damage resulting from unnatural and fictitious fluctuations of prices brought about by the false suggestions of interested persons.

The offense of cornering the market is not, so far as I am aware, mentioned in the books, but it is one of the numerous family of frauds of which the various members in their fight with society, assume an infinitude of shapes and colors. To detect and punish these, notwithstanding the novelty and apparent innocence of their disguises, is the first business of the courts and justices. The thing which we know as a "corner" in the market might be briefly described as a process for driving unsuspecting dealers in grains, stock, and the like, into a "corral" and relieving them of their purses. The essence of the offense consists in the party securing a contract for the future delivery of some commodity at his option, and then, by engrossing the stock of such commodity in the market, making it impossible for the other party to complete his contract, but by purchasing of his adversary at his own price, or paying in cash the difference fixed by such adversary. As was said of another great wrong, if this is not wrong then nothing is wrong. Public rumor on the street and in the press justifies me in saying that these offenses are rife amongst us, and in asking you, if evidence to that effect should reach you, to make them the subject of inquiry. Your duty and mine is plain. However powerful the combination to defy the laws, and however difficult to detect and punish the crime, we rank ourselves with the criminal if we fail to bring the terrors of the law to bear upon him. For one, I refuse not to hear what fills the ears of all to the discredit of the business men and methods of this city If the crimes indicated are being committed, it imports much that the validity of our statute and its sufficiency to reach the guilty parties should be early tested. If the spread of gambling has infected our business men, the consequences cannot but be disastrous; the course of business, instead of proceeding quietly and healthily, will become broken by fits of fever and panic; unlawful gains will be preferred to the slow profits of legitimate trade; our farmers, partaking of the prevalent spirit, will hold back their crops in expectation of corner prices, borrowing money upon mortgage to carry on their operations, instead of realizing by the sales of farm products. It is said that these phenomena are already apparent, and they are charged to be the effects of violations of the law. I will only add that, it is not your duty to seek

inquisitorially for evidence that crimes have been committed. Should evidence come to you through the regular channels, your duty will be to consider it and act fearlessly and promptly to vindicate the laws. I think I may promise on the part of the judiciary of the county that if you present men for crime, it will not go unpunished, so far of the enforcement of the laws depends upon them.

IRREGULAR INDORSEMENT—GUARANTY.

NEW JERSEY SUPREME COURT, FEBRUARY TERM, 1881.

Hayden v. *Weldon.*

To hold a third party who irregularly indorses a promissory note as joint maker, he must have participated in the creation of the note or shared in the consideration for which it was given. Indorsing the note before the payee, imports only the contract of second indorser.

Where the undertaking of a third party is to further secure the payment of a debt already created between the regular parties to the note, it is a collateral contract, within the statute of frauds, requiring a writing to prove, and a consideration to support it. Such an indorsement is not in itself authority to the holder of the note to write over it a contract of guaranty.

A guaranty is not negotiable, nor does it become so by being indorsed upon negotiable paper, the payment of which it is designed to secure.

The suit was against the defendants, Weldon and Potter, on a promissory note made by Weldon, payable to A. I. Farrand or order, six months after date. After the execution and delivery of the note to the payee Potter, at the request of the maker, put his name on the back of the note. This indorsement was before the name of the payee was written upon the note. It was made without consideration, and the name or credit of Potter was in no way involved in the making of the note.

The payee subsequently, and before maturity, indorsed the note to the plaintiffs for value

The declaration was against Weldon as maker, and against Potter as joint maker, as guarantor and as indorser.

The other facts sufficiently appear in the opinion of the court.

KNAPP, J.

The only question raised in this case, requiring consideration, is whether the defendant, Potter, is liable on the note upon which his name appears. It received his indorsement before that of the payee was put upon it; and as such an indorsement in itself indicates nothing of the character of the liability intended by the parties, resort must be had to extrinsic evidence to discover what were his relations to the transaction, and with what purpose he put his name upon the paper. The circumstances may show a party to such irregular indorsement to be either a surety or joint maker, or guarantor, or he may be held as a second indorser. *Chaddock* v. *Vanness*, 6 Vroom, 517.

The declaration contains counts against him as joint maker, guarantor and as an indorser, and his liability in one or other of these aspects must appear to support the verdict against him. The note was drawn by Weldon, payable at six months, to the order of Farrand, and was delivered to the payee with no agreement or understanding between them or with Potter, that the latter was to be in any manner a party to the note, or that any security was to be furnished by Weldon on the note. Between Weldon and Farrand, then, a debt was thus created, the debtor, the sum of the indebtedness, and the time of credit ascertained and established by the delivery of an instrument perfect and complete in its terms. Some days after its delivery to the payee Potter was requested by the maker to indorse the note; the note was produced by the payee and Potter wrote his name on the back of it. It is evident from this state of facts, that he is not to be considered a joint maker, for in the creation of the original debt he did not participate, nor was he in any manner

allied to the consideration on which the note was grounded. The note was not given or received upon any understanding or expectation that his suretyship in any form, or that any additional security should be had upon the note to strengthen the maker's undertaking.

Neither property nor rights were parted with by the payee on the credit of Potter's name.

In order to charge him in that capacity, his credit should have been so involved in the original transaction that the contract under which the payee parted with his property or rights was not, in the contemplation of the parties, complete without the name of Potter as surety. *Moies* v. *Bird*, 11 Mass. 436; *Tenney* v. *Prince*, 4 Pick. 387; *Mecorney* v. *Stanley*, 8 Cush. 85; *Chaddock* v. *Vanness*, *supra*.

When the note came to the plaintiffs with the indorsement of the payee and Potter, the signature of the latter imported the contract of second indorser, and he might have been charged with that liability. But it is not contended that in this suit he can be held as indorser, for it appears that notice requisite to charge him in that capacity was not given.

Is he chargeable as a guarantor? When the note was produced at the trial that form of contract was found written over his signature; but it was not there when the indorsement was made, nor was it written there by his direction or with his knowledge. The plaintiffs insist that such was the character of the defendants' engagement, and signing the note in blank authorized them to write over the blank a guaranty.

It was said in *Chaddock* v. *Vanness*, that when a third party puts his name on the back of a promissory note as a surety or guarantor for its payment, in pursuance of an original agreement entered into before or at the time of giving the note, in consideration of which the payee agrees to accept it, the payee may write over such signature a guaranty or promise to pay, which shall be a sufficient memorandum within the statute of frauds.

But the case here is not analogous to those original undertakings of a third party in the creation of the debt, where, although he may be called a guarantor, his liability, in legal effect, differs in nothing from that of a co-maker. In such cases the statute of frauds is inapplicable. In this case, where the contract creating the debt was fully consummated, the alleged promise of defendant to pay or further secure the debt was a collateral engagement, within the statute, required a writing to prove it, and a new consideration to support it. *Fell on Guar. and Sur. App.* 483.

And where, as here, the alleged promise is clearly one to pay the debt of another, and therefore necessarily in writing, I do not see how a mere signature in blank can be considered such writing. It has in its relations to the original debt no such fixed significance that the law will from it imply a specific duty or liability; and is the holder to determine for himself, out of the variety of forms that such a contract is capable of, which one the person signing shall assume? I think the blank indorsement gave no implied authority to write over it any form of guaranty. And such I understand to be the view expressed by Chief Justice Hornblower in *Crozier* v. *Chambers*, Spence. 256.

Treating the superscription, however, as properly made, it is clear that on the evidence he cannot be held in that character. As has already been said, to support such promise there must have been a valid consideration. The defendant's engagement was entirely gratuitous. Not a feature of the original debt was changed in consequence of it; the payee yielded nothing of his rights; and neither the maker nor the guarantor gained anything in either position or pocket. There resulted no benefit to the party promising, or to him for whom the promise was made; no prejudice, damage, suspension of right or possibility of loss to the guarantee. It wanted the essential of a consideration to render it better than a *naked* promise. Between the original parties the verdict could not find support in the evidence.

But the plaintiffs are *bona fide* indorsees of the note for valuable consideration, before dishonor. Does this put them on any better footing in the case? It is clear that if the defendant did not assume the legal character of joint

maker of the note, that is, an original surety or promisor through his contract, no subsequent negotiation of the note could force him into that attitude. Regarding him as a guarantor of negotiable paper, there is nothing in the law which precludes him from setting up want of consideration for such promise.

Against this view it is urged that a guaranty, when indorsed upon negotiable paper, becomes so incorporated with it as to partake of its negotiable character, and to be transferable by the indorsement or delivery of the bill or note, that it passes by the same title, and has, incident to it, the same protection against defenses in the hands of a *bona fide* holder that attaches to commercial paper. But this is not a correct view of the nature and attributes of the contract. By the weight of judiciary authority it is regarded as a mere personal engagement, limited to and ending with the person to whom it is addressed or by whom it is first accepted; and that unlike bills of exchange and promissory notes, it is not excepted out of the ordinary rule governing the transfer of choses in action. I refer to a few of the decided cases supporting this rule.

In the case of *Lamourieux* v. *Hewitt*, 5 Wend. 307, the defendant wrote and signed on a negotiable note the following contract: "I warrant the collection of the within note for value received." The note was transferred to the plaintiff, who held it when it fell due; the court rules that the action on the guaranty could not be maintained in the name of the plaintiff, that it was a special contract with the payee, and any action upon it must be in his name. In *Ellis* v. *Brown*, 6 Barb. 282, where the action was by an indorsee of a promissory note against an irregular indorser as a guarantor as well as joint maker, the court uses this language; "It is obvious that the action cannot be maintained against the defendant as a guarantor of the note. A person who guarantees a note is in no sense a party to the note. A guaranty is a special contract and must be specially declared on. It is only where the person called the guarantor has been held by the court to be, in legal intendment, the maker of the note, that a different rule has prevailed. If the indorsement were to be regarded as a guaranty, such guaranty was made to the payee, and the action should have been brought in his name and not in that of the indorsee." In *McLaren* v. *Watson's Ex'rs*, 26 Wend. 425, it was held that a general guaranty of a promissory note made on a separate paper and given to the payee, the note and guaranty indorsed and transferred together to the plaintiff, did not authorize suit on the guaranty in the name of the plaintiff. The cases of *Ketchell* v. *Burns*, 24 Wend. 456, and *Leggett* v. *Raymond*, 6 Hill, 639, are sometimes cited as authorities in favor of the negotiability of such a contract, but I think they fail to support the position. In the first of these cases the defendant indorsed on a promissory note the following: "For and in consideration of $31 received of B. F. S., I hereby guarantee payment and collection of the within note to him or bearer." This note, with the indorsement upon it, was delivered by S. to the plaintiff, and he was allowed to recover; the court placing it upon the ground that its effect was that of a *new note* for the payment of the money upon *full consideration*, and as it was made payable to Spencer *or bearer*, it was negotiable. But in this case the ruling in *Lamourieux* v. *Hewitt* was mentioned with approval. The other case was that of a general guaranty written on the back of a note and signed by the payee, and this signature to the guaranty was the only indorsement of the note to the plaintiff. The real question in that case was whether the signature of the payee to the guaranty constituted as well an indorsement of the paper. It was ruled that it was a sufficient transfer of the note, and the defendant was held as an indorser.

So far as the court expressed an opinion on the subject of the negotiability of the guaranty it was emphatically against it. The same question was fully considered and a review of the cases had in *Miller* v. *Gaston*, 2 Hill, 188, the result being against the negotiability of such a contract.

In Massachusetts the same is found to be the law. It was so decided in *True* v. *Fuller*, 21 Pick. 140. The suit was upon a guaranty indorsed upon a promissory note as follows: "I guarantee the payment of the semi-annual

interest of this note as well as the principal." This was signed by the defendant, and the note was transferred by the payee to the plaintiff. In the opinion of the court, which was delivered by Chief Justice Shaw, the plaintiff was held not entitled to recover, "because the gauranty in question was not made to him or whilst he was the holder of the note, that it was not negotiable in itself, and was not made so by being written upon and intended to secure a negotiable instrument;" and he further remarks, "it is no more a negotiable promise than if it had been written on a separate writing referring to the note and guaranteeing it to the then holder." To the same effect are *Tuttle* v. *Bartholomew*, 12 Metc. 452; *Belcher* v. *Smith*, 7 Cush. 482. The same is held in Pennsylvania. *McDoal* v. *Yeomans*, 8 Watts, 361.

Other cases of like import may be found in notes to 2 *Pars. on Notes and Bills*, 133. The author declares the weight of authority to be decidedly opposed to the negotiability of a guaranty whether indorsed upon the note or existing separately from it, and his own view is expressed as being entirely in concurrence with that legal result. See, also, cases in *Fell on Guar.* 298, etc.

Where the irregular indorsement grows out of a participation by the indorser in the original transaction, such as in legal contemplation would hold him as a joint maker, as where his credit is given as security for the maker on the faith of which the payee of the note accepts it—in other words, where his relation to the transaction is such that he may be considered as a party to the note—his liability passes to subsequent legal holders, with the rights that attach to commercial paper; but where his contract is strictly that of guaranty, that is, collateral to the original undertaking, it is not negotiable, possesses none of the attributes of negotiable paper, and is liable to all defenses that other non-negotiable choses in action are subject to.

It is plain, then, I think, that under the evidence in this case there was no view in which the defendant Potter could be held, and the rule to show cause as to Potter should be made absolute. As to the other defendant, I see no reason why the verdict may not stand against him.

THE SUSPENDED LUXEMBOURG BANK.—The *Frankfurter Zeitung*, in a long article on the suspended Luxembourg National Bank, says that apart from the natural interest of the shareholders, the failure has excited keen and very wide attention, and properly so. The Frankfort paper holds that, even if the suspension was anticipated by the business world, the catastrophe is, nevertheless, a strange one Apparently, the losses must have been made quite recently; at least this must be assumed, from the fact that a dividend of five and a half per cent. was distributed for 1880, and even on the first of the month which has only just ended, an interim dividend of three per cent. was resolved upon. Such anomalies would require very full explanation if the bank had been only an ordinary institution of the kind; but when it is remembered that the present case is that of a bank of issue, they appear to require a still more searching scrutiny. Careless balancing would be bad enough in the first case, but it would be still more seriously reprehensible in the second. Moreover, the Government had full right of control over all the operations of the bank, according to the statutes It was the duty of the Government Commissioner to examine the cash and books every month, and it is especially prescribed in the regulations that he shall exercise a strict supervision over the business engagements of the bank. The Frankfort paper argues that the Luxembourg Government, indeed, made itself morally responsible for the proper conduct of the bank. The president of the bank was nominated by the Grand Duke, and the Government guaranteed to the bank the sole right of issuing notes, and accepted the notes of the bank in State payments. These various circumstances could not fail to induce general confidence in the bank, and its notes are said to have been almost the only currency in Luxembourg.

LEGAL MISCELLANY.

MALICIOUS PROSECUTION—WHAT NECESSARY TO SUSTAIN ACTION—SAVINGS BANKS MAY BE SUED FOR.—(1) Although in order to maintain an action for malicious prosecution both malice and want of probable cause must be found, yet proof of want of probable cause will warrant a jury in inferring malice. *Mitchell* v. *Jenkins*, 5 B. & Ad. 588; *Stewart* v. *Sonneborn*, 98 U. S. 187; *Ripley* v. *McBarron*, 125 Mass. 272. (2) By the great weight of modern authority a corporation may be liable even when a fraudulent or malicious intent in fact is necessary to be proved, the fraud or malice of its authorized agents being imputable to the corporation; as in actions for fraudulent representations, for libel, or for malicious prosecution This rule applies to a savings bank, although it is conducted from motives of kindness and charity, and not for the purposes of gain. This circumstance does not affect the legal *status* of the corporation. Its powers and duties are defined by its charter, and the rights and the duties are legal rights and duties to be enforced by the ordinary rules of law. There is no relation of trustee and no *cestui que trust* between bank and depositor any more than in any other case of debtor and creditor. In all the essential features of their organization savings banks, like all other corporations, are creatures of the law for more convenient transaction of business to be done by them They are capable of corporate action, and like all other corporations are liable for such action. *Reed* v. *Home Savings Bank*. Opinion by Lord, J.

TAXATION—IF VALID IN PART, ACTION DOES NOT LIE FOR EXCESSIVE ASSESSMENT.—The cases are uniform to the effect that if a man is rightfully taxed for any, however little, personal property, he cannot have a remedy by action against the town for any excess of valuation, whether such excess is caused by an over valuation of property liable to taxation, or by including in the assessment property for which he is not taxable; but his exclusive remedy is by an application for abatement. And the same rule applies to a tax on real estate considered as a separate class. *Howe* v. *Boston*, 7 Cush. 273; *Lincoln* v. *Worcester*, 8 id. 55; *Middlesex Railroad* v. *Charlestown*, 8 Allen, 330; *Salmond* v. *Hanover*, 13 id. 119. *Hicks* v. *Inhabitants of Westport*. Opinion by Morton, J.

NEGOTIABLE INSTRUMENTS.—An indorser living outside the place of dishonor, but nearer to the postoffice in such place than any other, and obtaining his mail matter there, yet having no regular or usual place of business therein. cannot be held by notice of dishonor deposited in such postoffice. *Forbes* v. *Omaha Nrtional Bank*, 10 Neb. 338; p 480.

Certificates of indebtedness issued by a receiver are not negotiable instruments. *Tnrner* v. *Peoria and Springfield Railroad Company*, 95 Ill. 134; p. 144.

CHECK—FORGED INDORSEMENT.—One King bought goods of the defendants, and gave in payment a cashier's check, made payable to A & Co., which check exceeded the price of the goods purchased in the sum of $65; for this sum the defendants gave to King the check in suit, also payable to A & Co., and with it he bought goods of the plaintiffs, having indorsed it in the name of A & Co. King was in no way connected with the firm of A & Co., and their signatures on both checks were forgeries. *Held*, the plaintiffs cannot recover. The defendants intended to sell to A & Co., an existing firm; this check was made payable to that firm, and not to a fictitious person, and only upon the indorsement of the check by that firm could a valid title to the check be derived. The defendants did nothing to aid King in deceiving the plaintiff. So far as the defendants are concerned, the case stands as if they had given the check directly to the existing firm of A & Co., and King had fraudulently represented that he was a member of that firm, and indorsed the same to the plaintiff. *Rowe* v. *Putnam*. Supreme Judicial Court. Decided June, 1881.—*The Reporter*, Boston, Mass., Aug. 31, 1881.

NATIONAL BANK—TAXATION OF SHARES.—(1) In the taxation of the shares of a National bank, the shareholders are not entitled to any allowance for such of the capital and surplus of the bank as may be invested in Government bonds. *Van Allen* v *Assessors*, 3 Wall. 573 ; *People* v. *Commissioners*, 4 id. 244. (2) In the taxation of the shares of a National bank it must appear that the assessors acted under some agreement or rule which necessarily tended to tax such shares at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State, in order to render their assessment void under Section 5219 of the Revised Statutes. *People* v. *Weaver*, 100 U. S. 539 ; *Pelton* v. *National Bank*, 101 id. 143 ; *Cummings* v. *National Bank*, 101 id. 153. U. S. Circ. Ct., Illinois, May 24, 1881. *First National Bank of Chicago* v. *Farwell*. Opinion by DRUMMOND, C. J. (7 Fed. Rep. 518.)

——— LIABILITY OF STOCKHOLDERS NOT THAT OF SURETY—MARRIED WOMEN—ESTOPPEL.—(1) The liability which shareholders in National banks incur under Section 12 of the act of 1864, which provides for a liability "to the extent of the amount of their stock therein, at the par value thereof, in addition to the amount invested in such shares," is that of principals, not of sureties. Such a liability is not one on a "promise to pay the debt, or answer for the default or liability of any other person," within the meaning of the proviso of a New Jersey statute, which renders a married woman incapable of binding herself by such a promise. (2) On the principle of estoppel, one can not take advantage of certain statutory provisions without incurring thereby the attendant liabilities. This applies to a married woman becoming a shareholder in a National bank. *Mathewman's case*, L. R., 3 Eq. Cas. 781 ; *In re Reciprocity Bank*, 22 N. Y. 9 ; *National Bank* v. *Case*, 99 U. S. 628. U. S. Circ. Ct., S. D. New York, June 30, 1881. *Hobart* v. *Johnson*. Opinion by BLATCHFORD, C. J. (8 Fed. Rep. 493.)

NATIONAL BANK—TAXATION OF UNDER STATE LAW—INJUNCTION—WHO MAY MAINTAIN ACTION TO RESTRAIN COLLECTION OF TAX.—The restriction upon the power of a State to tax the shares of any National Bank within its borders "at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State" (Rev. Stat., § 5219), is intended to secure equality of valuation in the assessment of the stock, as well as equality in the rate of the tax after the assessment has been made. *People* v. *Weaver*, 100 U. S. 539. An act for the taxation of corporations generally does not exempt individuals from assessment or taxation upon their personal property or moneyed capital invested in the shares of such corporations. Therefore the imposition of a higher assessment and heavier tax upon the shares of a National bank than those imposed upon the capital stock and personal property of other corporations within the State does not contravene section 5219 of the Federal Revised Statutes. *Van Allen* v. *Assessors*, 3 Wall. 573 ; *Delaware R. R. Tax*, 18 id. 206 ; *Farrington* v. *Tennessee*, 95 U. S. 679. In such case, however, the failure of the assessors to place the names of the shareholders upon the assessment roll, in accordance with the requirement of the State statute, renders such tax illegal and void, although a separate list, with knowledge of the shareholders, was kept by such assessors showing the names of all such shareholders, with the number of shares held by each, and the assessable value of all such shares. *Westfall* v. *Preston*, 49 N. Y. 349 ; *Clark* v. *Norton*, id. 243. The collection of such tax will not, however, be enjoined upon the application of a shareholder, upon the mere ground of such illegality. *Dows* v. *City of Chicago*, 11 Wall. 108 ; *Mitchell* v. *Commissioners of Leavenworth*, 91 U. S. 206. In order to prevent a multiplicity of suits, however, the collection of such tax will be enjoined upon the application of the bank, where the latter is required by the statute under which the assessment was made to retain so much of any dividend or dividends belonging to such shareholders as shall be necessary to pay any taxes assessed in pursuance of the act. *Cummings* v. *Nat. Bank*, 101 U. S. 157 ; *Nat. Albany Ex. Bank* v. *Hills*, 5 Fed. Rep. 248. U. S. Circ. Ct., N. D. New York, March 27, 1881. *Albany City Nat. Bank* v. *Maher*. Opinion by WALLACE, D. J. (6 Fed. Rep. 417.)

Corporation—Liability of Stockholder Where Less than Par Paid for Stock.—Where defendants subscribed and agreed to pay certain sums of money toward the increased capital stock of a corporation, with the understanding that they were to receive stock therefor at 66⅔ cents upon the dollar, and this arrangement was carried out, and certificates for the stock delivered to them, *held*, that the assignee in bankruptcy of the corporation might still collect the remaining one-third of the par value of the stock for the benefit of its creditors. *Flinn* v *Bagley*. Opinion by Brown, D.

STATE TAX ON INCOME FROM UNITED STATES SECURITIES.

PENNSYLVANIA SUPREME COURT.

Philadelphia Contributionship Insurance v. *Commonwealth of Pennsylvania.*

A State tax upon a corporate franchise, measured by the net earnings of the corporation, is valid and collectible, though a portion of those net earnings are derived from interest on United States securities.

Proceeding to determine the validity of a tax imposed by the Commonwealth of Pennsylvania, the plaintiff below, upon the defendant below, a corporation. The plaintiff claims the right to assess and collect from the defendant a tax upon its annual net earnings or income, under a statute of Pennsylvania authorizing such tax. The defendant corporation claims immunity from taxation upon so much of said net earnings or income as is made up of interest received from United States and State bonds

A judgment in favor of plaintiff was rendered below and defendant took a writ of error.

Sterrett, J.

By the 10th section of the Revenue Act of 1879, which is substantially a re-enactment of the 6th section of the Act of May 1, 1868, certain individuals, companies and corporations therein mentioned are required to make report to the Auditor-General, setting forth the entire amount of net earnings or income received by them from all sources during the preceding year, and pay a tax of three per centum thereon for the use of the Commonwealth. P. L. 118.

The corporation, plaintiff in error, being clearly within the provisions of the act, made its return of earnings or income for the tax year ending October 31, 1879, and included therein $28,615.73 interest on United States bonds, and $15,375 interest on Pennsylvania bonds; both of which items, however, it claimed were exempt from taxation. It was also claimed, that in ascertaining its net earnings or income, the difference between the par value of $307,000 United States bonds which were called in and paid during the year, and the price at which they were purchased several years before, should be treated as a loss, and deducted from its gross receipts. The accounting officers having refused to allow any abatement on account of either of these three items the tax thereon amounting to $2,068.19 was paid under protest, and an appeal taken from the settlement The decision of the court below was also adverse to the plaintiff in error on the points in controversy. The questions thus presented by the record are, whether the income derived from either class of bonds is exempt from taxation; and whether the difference between the price paid for the United States bonds and their par value should be regarded as a loss and deducted from the gross receipts.

It may be conceded that the bonds as such are not taxable by the Commonwealth; but the tax in question is not laid on the bonds. It is a tax on the corporate franchise of the plaintiff in error, measured by its net earnings. The right of the State to impose a tax on the franchise of any cor-

poration that is indebted to it for existence and protection is too clear for argument. If the right exists, as it undoubtedly does, the manner of its exercise must be left to the wisdom of the Legislature; and perhaps no standard or measure of taxation can be adopted that will operate more justly and equitably than a per centum on net earnings or income.

The interest received by the Company on the bonds undoubtedly formed a part of its income, and while the bonds themselves are exempt from taxation by virtue of the laws under which each class respectively was issued, it does not follow that the same immunity adheres to the money paid from time to time in discharge of the interest due on the securities. When so paid it loses the non-taxable characteristic of the bond on which it accrued, and should thenceforth be treated as any other species of income derived from other sources. But as already intimated the tax is not laid on the money and other receipts of the company. Its net earnings or income is resorted to, simply as a just measure of the tax to be paid for the enjoyment of its corporate franchise.

There is an obvious difference between a direct tax on the property of a corporation and a franchise tax measured by its earnings, which, proximately at least, represent either the value of the franchise granted or the extent of its exercise. The distinction has been repeatedly recognized by both Federal and State courts. In *Society for Savings* v. *Coite*, 6 Wall. 594, corporations of the class to which the plaintiff in error in that case belonged were required to pay annually a sum equal to three-fourths of one per cent. on the total amount of their deposits; and it was held that this was a valid franchise tax and not a tax on property, and that the society had no right to claim exemption therefrom to the extent of its deposits invested in non-taxable securities of the United States Under a similar law in Massachusetts it was held that a Savings institution having a portion of its deposits invested in Federal securities was liable to a tax on account of such deposits as fully as on account of other deposits, notwithstanding the securities were declared by the act of Congress under which they were issued to be exempt from taxation under State authority. *Provident Institution* v. *Massachusetts*, 6 Wall. 611.

A distinction somewhat similar in principle is made in the cases of *State Freight Tax* and *State Tax on Railway Gross Receipts*, 15 Wall. 232 and 284, in the latter of which it is held that a statute imposing a tax on the gross receipts of railway companies is not repugnant to the Constitution of the United States, though the receipts are made up in part of the freights received from inter-State transportation of merchandise.

The difference between the amount paid for the United States bonds and their par value cannot in any proper sense be regarded as a loss, but if it were otherwise the plaintiff in error is not entitled to the deduction claimed. A decrease of capital does not necessarily diminish the annual net earnings. It is the latter that has been adopted as a just measure of the tax imposed on the franchise. The contention of the plaintiff in error on this point has been so fully answered by the learned Judge of the Common Pleas in the concluding portion of his opinion that further comment is unnecessary.

Judgment affirmed.

EFFECT OF STOCK SPECULATIONS.—A Bangor (Me.) paper relates that two or three years ago a Lewiston barber, who had been industrious and prudent, closed his shop and went to Boston with savings in his pocket amounting to a considerable sum. He speculated in stocks, and at one time became the owner of $50,000, and was rolling in luxury. He lost all of it the same way as it was made. To-day he is "dead broke," and working in a barber shop at the hub for two dollars a day.

BANKING AND FINANCIAL ITEMS.

Earlier Payment of Bonds.—The receipts into the Treasury have been so large that the Secretary determined to pay a portion of the bonds included in the last call at an earlier date than was first indicated. Accordingly the following circular was issued:

Treasury Department,
Washington, October 10, 1881.

Notice is hereby given that on and after Monday the 17th inst. United States bonds embraced in the one hundred and fifth call will be redeemed at the Treasury Department in Washington to the amount of $5,000,000, with interest to the date of payment.

The weekly purchases at the Sub-Treasury in New York will continue as heretofore authorized.

Parties transmitting bonds for redemption should address them to the "Secretary of the Treasury, Loan Division, Washington, D. C.," and the bonds should be assigned to the "Secretary of the Treasury for redemption." Where checks in payment are desired in favor of any one but the payee, the bonds should be assigned to the "Secretary of the Treasury for redemption for account of —— (here insert the name of the person or persons to whose order the check should be made payable).

William Windom, Secretary.

The total amount of continued sixes offered at the Treasury Department for redemption under the circular above was $5,608,000. In view of the small excess over the limit fixed by the circular, and the inconvenience which would result to the Department and to the owners from a cancellation of the assignments and a return of the bonds not accepted, the Secretary decided not to make a pro rata award, but to accept the entire amount.

Redemption of Bonds.—The following circular relative to the payment of bonds, embraced in the one hundred and fifth call has been issued:

Treasury Department, Oct. 20, 1881.

Until further notice the Department will pay the bonds embraced in the one hundred and fifth call upon their presentation to this Department, with interest accrued to date of presentation.

Parties transmitting bonds for redemption should address them to the "Secretary of the Treasury, Loan Division, Washington, D. C.," and all the bonds presented under this circular should be assigned to the "Secretary of the Treasury for redemption." Where checks in payment are desired in favor of any one but the payee, the bonds should be assigned to the "Secretary of the Treasury for redemption for account of ——" (here insert the name of the person or persons to whose order the check should be made payable.)

William Windom, *Secretary.*

Bond Sales to the Government.—On closing the books of the five per cent. funded loan of 1881 continued at three and a half per cent. for the purpose of preparing the checks for the November 1 dividend, the United States Assistant Treasurer at New York was instructed that should any such bonds be included in the weekly purchases, the seller must deposit the amount of the interest on the bonds from August 12 to October 31, both days inclusive, as the dividend would be paid to the parties in whose names the bonds stood on the 1st inst. The bonds purchased were paid for at the regular price of par and interest accrued to date of purchase.

STATISTICS OF GOVERNMENT BONDS.—According to a report made by Robert P. Porter, special agent of the Census Office, at the date nearest the census year, June 30, 1880, there were outstanding $1,173,749,250 of registered Bonds. These bonds were of the following issues: Four per cent., $528,100,950; four and a half per cent., $170,280,800; five per cent., $294,440,800; six per cent., $180,926,700; total, $1,173,749,250. The six-per-cent bonds were all made payable in ten large cities. These registered bonds were found to be owned as follows: Individual holders and corporations, $644,990,400; foreign holders, $27,894,350; National banks (to secure circulation), $319,937,800; six per cent (payable in ten large cities), $180,926,700; total, $1,173,749,250. Omitting the six per cents., the foreign holders and the banks, there are $644,990,400 of four, four-and-a-half, and five-per-cent. bonds to be distributed throughout the country. Of the total number of holders (73,114), 42.262 are males, 29.325 females, and 1,527 are corporations; and of the amount held the males own $327,185,500, the females $90,353,350, and the corporations $227,451,550. The average per capita for the male holders is $7,741,84; for the female holders, $3,081.10; for the corporations, $148,953.20; and for both sexes and the corporations, $8,821.70.

SILVER CERTIFICATES.—Treasurer Gilfillan, in response to a letter from the president of a bank in South Carolina, stating that the people of that State would not take silver certificates as current money, and asking if he could pay them out on checks of United States disbursing officers, replied that standard silver dollars, which are full legal tender, could be offered, and people who preferred certificates could take them instead, saying that in his experience he found that the silver certificates were usually preferred to coin.

THE TREASURY DEPARTMENT.—The name of Edwin D. Morgan for Secretary of the Treasury, in place of William Windom resigned, was sent to the Senate October 24th, and was immediately confirmed. Declining the office, Charles J. Folger was nominated three days afterward, and confirmed without opposition. The office was accepted.

MUTILATED SILVER COIN.—Many inquiries have been received at the United States Mint Bureau relative to the valuation of mutilated silver coin. Director Burchard has prepared a circular letter in answer to all such inquiries. It says: "The Government has fixed no valuation upon mutilated silver coin other than the market value of the silver they contain. They are purchased at the Mints by weight as bullion, and the value depends upon the price of the silver on the day the coin is received at the Mint."

TEN-DOLLAR GOLD COUNTERFEITS.—For about a year past well-executed counterfeit ten dollar gold pieces have been circulating in San Francisco and Sacramento. The coins were made of Babbitt metal and lead, electro plated, and, except being a trifle lighter, were indistinguishable from the genuine pieces. Antoinette Lawson has been arrested in San Francisco for attempting to pass one of the counterfeits, and a man named Lawler is in jail awaiting trial for manufacturing them.

STOCK OF GOLD AND SILVER.—Although all the estimates of the quantity of gold and silver in the world are hardly anything more than guesses, yet the subject seems to possess some fascination, otherwise persons would cease to wrestle with it. S. Dana Horton, who has lately given the subject careful study, concludes that the total stock of gold in the world is $5,500,000,000, of which $3,600,000,000 is used as money. The total stock of silver is estimated at $7,500,000,000, of which $3,200,000,000 is used as money. Mr. Burchard, Director of the Mint, thinks that less than $3,600,000,000 of gold and about $2,500,000,000 of silver is used as money. There is some difference between these estimates, but the relative amount of silver and gold estimated in use as money is nearly the same. The excess of gold over silver is from $400,000,000 to $500,000,000. The other uses of silver are greater than those of gold, and absorb a larger proportion of the whole amount produced.

A NEW NATIONAL BANK IN NEW YORK.—A meeting of the executive committee of the new Lincoln National Bank was held in this city on October 15th, the gentlemen present being William R. Grace, Alfred Van Santvoord, Frederick W. Kuhne, John W. Harper, and Postmaster-General Thomas L. James, the president of the corporation. The building which is to be erected for the use of the bank will cover several lots of the square between Madison and Vanderbilt avenues and Forty-third and Forty-fourth streets. Besides the gentlemen mentioned above, who form the executive committee, the following are among the stockholders: Francis P. Freeman, Artemas H. Holmes, H. McK. Twombly, J. N. Phelps, Charles Coudert, Cornelius Vanderbilt, C. D. Stockwell, George Jones, J. L. Almiral, Henry A. Smyth, C. H. Kerner, Charles W. Griswold, S. Foster Dewey, J. P. Chambers, F. W. Vanderbilt and L. C. Hopkins.

NEW YORK CLEARING HOUSE.—At the annual meeting of the Clearing-House Association the following officers were elected: Frederick D. Tappen, President; H. H. Nazro, Secretary; and William A. Camp, Manager. The usual committees were chosen. The report of the manager showed that the total transactions for the year were $50,341,836,373.89, an average of $165,055,201.22 a day. The volume of business was greater by $11,643,269,121.43 than in any previous year. The balances for the year amounted to $1,776,018,164.58, and of this sum $372,419,000 was paid in gold coin, the weight of which was 686½ tons. The total transactions of the Clearing House since its organization, twenty-eight years ago, amounted to $625,191,555,476.81.

Appropriate resolutions were passed on the death of Amos H. Trowbridge, late President of the Second National Bank, and on that of Henry F. Vail, late President of the National Bank of Commerce, and chairman of the Association.

CONFEDERATE BONDS.—A new movement in Confederate bonds is observable in several places. A party in New York has his advertisement in the papers, with the number of his place of business in Wall Street, and the price he is willing to pay for them, which is two dollars and a-half per thousand. It is known that a pool exists at Amsterdam, with a view of appealing to the honor of the Southern States, and inducing them to exchange their State bonds for those of the Confederacy—in other words, to take old lamps for new ones. Who those parties are no one in Wall Street seems to know, though some of the German houses occasionally venture a guess. In Little Rock, Arkansas, it is reported that persons are offering the New York price for them. There was no necessity for sending to Arkansas for supplies of the "bonds," the old paper shops in Nassau Street having plenty of rags constantly for sale in lots to suit customers.

In explanation of this movement the Charleston *News and Courier* says: "The only thing that could possibly give the bonds value is the fact that there is a large balance in the Bank of England belonging to the Confederate Government. It appears that on the first day of April, 1865, when the Confederacy collapsed, there was one hundred and seventy-five thousand pounds, or about one million dollars, in the Bank of England to the credit of the Confederate Government. There was also a large amount of cotton in Liverpool belonging to the Confederate Government. This cotton amounted to several thousand bales. After the crash this cotton mysteriously disappeared, and it is not known to this day what became of it. The cash belonging to the Government in the Bank of England was not withdrawn. Various reasons were assigned for the failure to withdraw it, one of which was that the only person whose signature to a check would have been honored was out of the city of London when the Confederacy failed, and did not return until it was too late to draw the money.

"Three attempts have been made by the United States Treasury Department to get the money, but without avail, the English Government holding that if the American Government claimed the assets it must also be responsible for the liabilities of the Confederacy.

"It is probable that the gentlemen who are engaged in buying up the Confederate bonds may have determined to get possession of them, and then demand the money as the bondholders and the creditors of the Confederate Government. It is said that the visit to England of Mr. Davis, the first and only President of the Confederate States, and the person probably authorized, if any living man is, to draw the money of the Government, has something to do with the sudden rise in these securities. This gentleman thinks that he will probably attempt to draw the money and have it paid to the bondholders.

"The money has been deposited for nearly twenty years, and now amounts to a very large sum, but as the total debt of the Confederacy in 1864 was $530,340,090, even if the Bank of England deposit could be secured, the bondholders would realize a very small amount on their investments."

Lately there has been considerable business in the Confederate "dollar" bonds, at three and a half to four per cent.

COMPTROLLER KNOX'S ADDRESS.—The London *Economist*, of September 3, and the London *Bankers' Magazine*, for the month of October, contain extracts from the address of Comptroller Knox before the American Bankers' Association at Niagara, with favorable comments.

POSTAL ORDER BUSINESS.—The enormous amount of business done in postal money orders is indicated by the fact that the New York office holds a million and three-quarters of dollars unpaid on such orders, and presumably unclaimed. These, however, must represent but a very small per cent. of the orders issued. It is proposed to cover this into the Treasury; but should not the purchasers of these orders have something to say about that?

HANNIBAL AND ST. JO. CORNER.—The first of September last, Hannibal & St. Joseph common was quoted at 94½, a price that would give an aggregate market value to this stock of $8,656,861. A month later the stock was quoted, and a sale of 100 shares made at 350, putting the aggregate value of this stock at $32,823,773. This, of course, was a fictitious value for these shares, made by the pool who engineered the corner.

LYON'S FAILURE.—The last corner in the Chicago corn market ruined one operator, John B. Lyon, the heaviest dealer in that cereal. It is not every man who becomes "short" 8,000,000 bushels of corn, and is also called upon to give his check for one milllon dollars margin. Lyon has for years been the king among the corn men of the city of "corn-ers."

AUDACIOUS BANK ROBBERY.—A dispatch dated October 20, from Jerseyville, Ill., says: Charles Cay and John Burrus went into Wesley Park & Sons' bank at Fieldon, Ill., at two o'clock yesterday, and at the muzzie of two revolvers compelled Mr. Park to open his safe and give them $3,500. The robbers then mounted their horses and rode away. Mr. Park followed them to the street and fired upon them, killing one of their horses. The dismounted robber mounted behind his pal and both rode off together. Sheriff Massey raised a posse and is now scouring the country for the robbers, who, it is said, cannot escape.

SPECULATION IN PARIS.—A gigantic speculation is proceeding in the shares of the Union Generalé. Shares, on which only 125 francs were paid, have reached the price of 2,130 francs. The Union Generalé, together with the banks it has created, such as the Austrian Lander Bank, will shortly command a capital of £20,000,000 sterling. It has been stated that a powerful coalition has been formed against the Union, and the result of one of the most trying financial battles waged for a long time on European stock markets is anxiously watched for.

NEW JERSEY.—The failure of the Mechanics' National Bank of Newark, announced October 31st, has caused great excitement in that city. The institution was managed virtually by the cashier, Oscar L. Baldwin, who is responsible for the failure. The directors had no suspicion of any mismanagement until informed of it by the cashier. The amount of the defalcation, though known to be very large, is not yet accurately ascertained.

CLOSING A BANK.—The question of closing up the business of the National Bank of Brighton, Boston, is exciting considerable attention. A meeting of the stockholders was held October 4, at which only 800 out of the 3,000 shares were represented, but the matter could not be settled, as it requires a two-thirds majority of all shares to decide the question. The bank has a capital of $300,000, with a deposit of $70,000, is doing a good business, and is a great convenience to the business men of Brighton Centre. The present value of the stock is 120, and its affairs are said to be in excellent condition. It is stated that a new bank will be immediately started with a capital of $150,000 should it close now.

FOREIGN CAPITAL IN THE SOUTH.—Mr. Frederick Wolffe, the representative of Baron Erlanger and his associates, who have recently placed $25,000,000 cash in his hands for carrying out plans for a great railroad system in the South, declares that the people of the South have awakened to their true interests, and are applying themselves to the improvement of their material welfare with an energy and shrewdness worthy of a new country. Mr. Wolffe says that the $25.000,000 which the syndicate he represents is spending in the South is only one instance; that not only are many other railroad lines being built by added capital, but money in large blocks is being invested in lands, cotton mills, furnaces, iron works, lumber mills, and various other enterprises. Mr. Wolffe's conclusion is that "the South is destined to supply the country and a good part of the world, not only with raw cottont, but cotton goods of every variety."

VALUATION OF PROPERTY IN PHILADELPHIA.—A new valuation of the taxable property of Philadelphia was completed August 13. The entire valuation of the property is set down at $553.775,229, being an increase over the valuation for the present year of $10,106,100. The detailed statement of the valuation is as follows:

Real estate, city	$491,314,552
Real estate, suburban	35,197,912
Real estate, farm	19,096,115
Personal property, furniture, horses, cattle and pleasure carriages	8,166,650
Total	$553,775,229

In previous years the valuations have been:

1879	$534,609,864	1881	$543,669,129
1880	536,667,834		

Prior to the year 1877, there was an average increase in values of $17,000,000 per year, one-half of which was due to new buildings and the remainder to the appreciation of values. After 1877 when the Centennial excitement had subsided and the effects of the panic began to be sensibly felt, there was a perceptible decline in values, and in one year they dropped $60,000,000. Since that time there has been an increase.

STANDARD OIL COMPANY.—How a company can declare ten millions of dollars dividends in eight years upon an average capital of three milions, is shown by the figures of the Standard Oil Company, that gigantic concern which appears to have done as it pleased in its particular line. The following table includes the capital stock, dividends declared (as in Ohio), the amount which would be due were the company taxable in Pennsylvania, and the amount claimed by this State. The statement tabulates as follows:

	Capital Stock.	*Dividends.*	*Taxes.*	*Claimed by State.*
1873	$2,500,000	$341,610	$17,381	$100,000
1874	2,500,000	358,605	17,930	100,000
1875	3,500,000	514,230	25,711	150,000
1876	3,500,000	501,285	25,064	250,000
1877	3,500,000	3,248,650	162,434	350,000
1878	3,150,000	875,000	43,750	375,000
1879	3,500,000	3,150,000	157,500	400,000
1880	3,500,000	1,050,000	52,500	500,000
Totals		$10,039,380	$502,269	$2,225,000

Report of Western Union Telegraph Company.—The following extract is from the last annual report of the Company presented at the meeting held a few days since:

The capital stock of the company is $80,000,000, it having been increased during the year from $41,073,410 by the issue of $38,926,590.

Of the capital stock there is owned by and in the treasury of the company $20,017.50

The bonded debt at the close of the year was as follows:

Bonds due March 1, 1900, 6 per cent	$951,102 00
Bonds due May 1, 1900, 7 per cent	3,920,000 00
Bonds due May 1, 1902, 7 per cent.	1,373,000 00
	$6,244,102 00
Less balance of sinking-funds appropriations, not yet used for redemption of bonds, held by the Union Trust Company, trustees.	190,855 18
	$6,053,246 82

BUSINESS OF THE YEAR.

Surplus July 1, 1880		$403,255 14
The revenues, expenses and profits of the year ending June 30, 1881, were as follows:		
Revenues	$14,060,806 01	
Expenses (including leased line rentals and taxes)	8,420,165 79	
Net profits		5,640,640 22
		$6,043,895 36
From which there was applied:		
For dividends	$3,732,633 25	
For interest on bonds	427,455 61	
For sinking-fund appropriations	40,005 25	
		$4,200,094 21
Surplus of net revenue for the year over dividends, interest and sinking-fund appropriations	$1,440,546 01	
For new property there was appropriated:		
For construction of new lines and erection of additional wires	$1,941,657 51	
For telegraph stocks and other properties	674,884 83	
		$1,716,542 39
Surplus July 1, 1881		126,258 76
		$6,043,895 36

During more than half the year for which this statement is made the Company's expenses were largely increased and revenues somewhat diminished by a sharp and litigious competition, and by maintaining the separate organization of the Atlantic and Pacific Telegraph Company under the then existing agreements; and during the latter half much of the duplicate expenditures for rents, etc., besides extraordinary legal expenditures, had to be borne.

From the statement of the revenues and disbursements of the Company from July 1, 1866, it appears that of the fifty-one and a quarter millions of net profits accruing to the company in the last fifteen years, more than twenty-six and three-quarter millions have been paid to stockholders in cash dividends, more than seventeen and a quarter millions in stock dividends, six millions for interest and sinking fund on bonded debt. leaving a present surplus unappropriated of one million and ninety thousand dollars.

The Molsons Bank.—The report of this institution shows that the bank earned for the last year a net profit of eleven per cent., six of which went in dividends—the usual rate—and $110,000 was added to the rest, which now reaches $250,000. In 1879 the losses caused a reduction of the rest by $300,000. A small amount of bad debt has been written off; though the directors expect that it will be recouped by the sale of lands in Iowa, Dakota, and Canada. Some shareholders thought they ought to have got a larger dividend; but the past experience of the call that may be made on a bank's rest justified the course taken by the directors. The president, as is well known, has been a successful merchant, and has the great advantage of an intimate knowledge of the business people of Montreal.

Wisconsin.—The financial exhibit for the year which ended September 30th, showed a total balance in the Treasury of $836,300.20, which is greater by $250,000 than any other year in the history of the State. The balance to the credit of the general fund in $287,953.32, and, with the exception of 1879, when the receipts were heavy and the disbursements somewhat lighter than usual, is more than double the balance of any previous year. At the close of the year 1877, in which the "reform" reign terminated, the balance to the credit of the general fund was $6,014.40, or a little over two per cent. of what it is now. Many accounts were held back and not presented for payment until after the fiscal year closed, and that legacy of debts was bequeathed to the succeeding administration. Again, the trust funds were used, in plain violation of the law, to pay bills chargeable to the general fund. Were it otherwise even the small balance in 1877 would have been wiped out. The present admirable condition of the State's finances is due to prudence and circumspect management. The sales of lands have been very heavy the past few years, but the revenue derived is paid out for the support of the public and normal schools and the university. It cannot be applied to the running expenses of the Government, and, consequently, the only way to accumulate a balance in the general fund is to be economical and saving. When the State receives about $500,000 from the general Government in money and lands, for which there is a good claim now pending, the time will be at hand when there will be no necessity to levy a State tax. The license taxes of corporations will pay every expense of the State Government.

The Maritime Bank.—At a recent meeting the resolution to go into liquidation was rescinded, and it was decided to apply to Parliament for a reduction of the capital stock, with the view of continuing the business. Mr Maclellan, who is to remain President, has obtained the co-operation of gentlemen residing in St. John and its vicinity. The Maritime Bank was started at a time when the banks generally were paying large dividends, and a considerable amount of the stock was subscribed in Canada. During the last few years the Ontario and Quebec shareholders have been anxious to withdraw from the business, and there was a good deal of misunderstanding owing to a conflict of opinion between them and the New Brunswick shareholders, and the resolution to go into liquidation was supported by the Ontario and Quebec shareholders. It is said that a large amount of the stock has been recently purchased on behalf of shareholders in New Brunswick, who are determined to continue the bank on their own account, and who will doubtless profit by past experience.

Loan and Building Societies.—The *Official Gazette* contains a statement of the affairs of eighty-six of the Loan Companies and Building Associations in the Dominion, twelve having failed to furnish their returns. The statement is interesting, and shows how large has been the amount borrowed in Ontario on mortgage and at high interest.

Amount of stock subscribed	$56,035,164
" paid upon stock	23,354,991
" loaned during the year	13,961,748
" received from borrowers during the year	13,543,025
" received from depositors during the year	14,240,873
" repaid to depositors during the year	12,598,927
" borrowed for purposes of investment during the year.	30,944,914
Interest paid and credited during year	2,289,717
Value of real estate under mortgage	116,368,289
Amount of mortgages overdue and in default	4,130,557
Amount of mortgages payable by instalments	25,619,653
Amount secured by mortgage deeds	48,200,675
Present cash value of investments on mortgage	64,799,433
Total loans	58,493,037
Total assets	69,988,635
Total liabilities, including capital stock, &c	68,517,468

Italian Coinage.—The Mint at Rome is coining at the rate of 700,000 rancs daily.

A GREAT COUNTERFEITING SWINDLE.—The London *Times'* correspondent at Geneva says a really magnificent swindle, quite the largest in idea of our time, has been detected there. Several persons—one a gentleman and another an eminent jeweler—have been arrested on a charge of coining false gold pieces on an enormous scale. They were accustomed, it seems, to send vast quantities of "bullion medals" to Marseilles, whence a confederate, who found the capital, shipped them for Alexandria, the Levant and India. These medals were sometimes imitations of rupees, but usually of gold Turkish or Egyptian pieces, used throughout the East for hoarding. They were weighted with platinum, thickly gilt, and in appearance, taste and weight were real coins. With excessive cleverness, the shippers paid duty on them at Alexandria, Smyrna and the other ports as bullion, and thus blinded the Customs officers, who never imagined that swindlers would pay the high duties. The pieces were greedily absorbed by the people as coins, and it is said Egypt is so full of them that the Government must call in its gold currency. It is believed that from $2,000,000 to $8,000,000 of this coin have been sold, and one of the accused has been so enriched by the traffic that he deposited solid bail to the amount of $200,000.

GREAT THEFT IN THE RUSSIAN TREASURY.—Immediately after Baron Kuster had been relieved from his functions as court steward a special commission was appointed to look into his accounts. After working five or six hours daily for twelve consecutive days, the commission ascertained that, roundly estimated, 60,000,000 of roubles in the Imperial safes had been stolen. Nearly 600,000 gold pieces in florins and half imperials were taken, besides about 400,000 paper roubles. The remainder of the sum was represented by State bonds and railway securities. The examination of the Imperial assets took place in the cellars by gaslight.

THE CALCUTTA TEA SYNDICATE, which was established last year for the purpose of opening up the Australian and American markets to Indian tea, has published a report which shows that its operations have been attended with great success. The amount of last season's Indian tea exported to Australia was 621,128 pounds, against 86,628 in the previous year.

A CITY WITHOUT TAXATION.—The little German city of Klingenberg, in Lower Franconia, not only imposes no municipal tax, but every voter receive an annual dividend from the City Treasury of a sum ranging from $22.50 to $25. The city recently celebrated the Sedan anniversary by giving every citizen fifty cents, with fifty cents extra to every soldier of the war with France.

GERMANY'S MILITARY TREASURE.—The revision of the war treasure of the German Empire will shortly be made. This treasure, which is said to amount to 120,000,000 marks in gold coin, is deposited in the Julius Tower, at Spandau. The two Commissioners, whose duty it is to verify the treasure, each possesses a key to the chamber in which it is kept, and the door only opens when the keys are applied simultaneously. The treasure is divided in ten lots, and each lot is further subdivided into twelve others of 1,000,000 marks each. Of course, this large sum of 120,000,000 marks, or £6,000,000 being unemployed, earns no interest.

A NEW HUNGARIAN LOAN.—It is reported that the Rothschilds have been authorized to place in the United States a Hungarian Governmental loan, of 300,000,000 florins, and that the loan was to be made through the Messrs. Seligman.

The Banker's Almanac and Register for 1882. Attention is invited to the prospectus at the end of this number. Announcements of any changes among Banks or Bankers should be sent in promptly. Orders for subscriptions and advertisements will now be received.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from October No., page 322.)

No.	Name and Place.	President and Cashier.	Capital. Authorized.	Capital. Paid.
2567	First National Bank........ Crookston, MINN.	Robert H. Baker.......... Ansel Bates.	50,000	50,000
2568	Second National Bank...... Columbia, TENN.	R. A. Ogilvie............. George Childress.	50,000	36,000
2569	First National Bank........ Moorhead, MINN.	Charles B. Benedict....... Jacob H. Karcher.	50,000	30,000
2570	Citizens' National Bank.... Grand Forks, DAK.	Jacob S. Eshelman........ Seymour S. Titus.	50,000	30,000
2571	First National Bank........ Glencoe, MINN.	Axel H. Reed............. E. B. Lincoln.	50,000	30,000
2572	Farmers' National Bank.... Cambridge, ILL.	Richard Mascall........... E. D. Richardson.	50,000	30,500
2573	First National Bank........ Hampton, IOWA.	J. F. Latimer............. D. D. Inglis.	50,000	30,500
2574	First National Bank........ Mason City, IOWA.	H. I. Smith............... J. V. W. Montague.	50,000	50,000
2575	Citizens' National Bank.... Xenia, OHIO.	Joseph W. King.......... W. R. McGervy.	100,000	60,000
2576	First National Bank........ Owensboro, KY.	Richard H. Taylor........ Phil. T. Watkins.	137,900	137,900
2577	Citizens' National B'k...... Mansfield, OHIO.	George F. Carpenter...... S. A. Jennings.	100,000	50,000
2578	First National Bank........ Jamestown, DAK.	Robert E. Wallace........ Ada Irvin.	50,000	——
2579	Charles City National Bank. Charles City, IOWA.	J. P. Taylor.............. S. F. Farnham	50,000	——
2580	James River National Bank. Jamestown, DAK.	Edward P. Wells......... Walter W. Dudley.	65,000	——
2581	People's National Bank..... Norristown, PENN.	A. A. Yeakle............ Lewis Styer.	100,000	——

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from October No., page 323.)

NEW-YORK CITY....... A. De Cordova & Co.; dissolved. New firm. Same style. Howell Osborn retires.

COL.... Breckenridge... Bank of Breckenridge; Washburn, Klinefelt & Bacon sell their interest to William Kellogg.

" .. Leadville....... Miners' Exchange Bank; transfer business to Bank of Leadville.

DAK.... Grand Forks... Bank of Grand Forks; now Citizens' National Bank. Same management.

" .. Jamestown..... Bank of Jamestown; now First National Bank. Same management.

" .. Rapid City.... Lake, Halley & Patterson; now Lake & Halley.

FLA.... Jacksonville.... D. G. Ambler; now Ambler, Marvin & Stockton.

ILL..... Chicago........ Hide & Leather National Bank; surplus and profits, October 1, $*48,695*.

IOWA... Burlington..... German-American Savings' Bank; surplus and profits, September 30, $*23,700*.

" .. Charles City... Charles City Bank; now Charles City National Bank. Same management.

IOWA...	Hampton......	Latimer & Inglis; now First National Bank. Same management.
"	.. Lisbon.........	First National Bank; now Stuckslager & Auracher.
"	.. Mason City....	Cerro Gordo County Bank (Montague & Smith); now First National Bank. Same management.
MISS...	Meridian.......	Merchants' Bank; consolidated with People's Bank.
MO.....	Kansas City...	Union Avenue Bank; suspended.
MONT...	Butte City......	S. T. Hauser & Co.; now First National Bank.
NEB....	Fullerton	Nance County Bank (Slaughter & Lindsay); now incorporated. Paid capital, $*20,000*. Same management.
"	.. Oakland.......	Oakland Bank (W. Parrish); now Parrish & Griffin.
"	.. York...........	Sayre & Atkins; now Commercial State Bank.
N. J....	Newark........	Mechanics' Nat'l Bank; closed. Defalcation of $2,000,000.
N. Y....	Lake Mahopac.	R. D. Baldwin; assigned.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from October No., page 322.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
DAKOTA	Fargo..........	Cass Co. Bank (Clapp & McCraw)	Ninth Nat'l Bank.
"	.. Grand Forks...	Citizens' National Bank...	....
	$30,000	Jacob S. Eshelman, *Pr.*	Seymour S. Titus, *Cas.*
"	.. Jamestown	First National Bank.......	Donnell, Lawson & Simpson.
	$50,000	Robert E. Wallace, *Pr.*	Ada Irvin, *Cas.*
"	.. "	James River Nat'l Bank...	....
	$65,000	Edward P. Wells, *Pr.*	Walter W. Dudley, *Cas.*
ILL.....	Arenzville......	Farmers & Traders' B'k...	Chase National Bank.
"	.. Ashland.	Skiles, Rearick & Co.......	Metropolitan Nat'l Bank.
"	.. Cambridge.....	Farmers' National Bank...	....
	$30,500	Richard Mascall, *Pr.*	E. D. Richardson, *Cas.*
IOWA...	Charles City...	Charles City Nat'l Bank...	....
	$50,000	J. P. Taylor, *Pr.*	S. F. Farnham, *Cas.*
"	.. Hampton......	First National Bank......	National Park Bank.
	$*50,000*	J. F. Latimer, *Pr.*	D. D. Inglis, *Cas.*
"	.. Mason City....	First National Bank......	....
	$50,000	H. I. Smith, *Pr.*	J. V. W. Montague, *Cas.*
"	..Odebolt	Farmers' Bank...........	Chase National Bank.
		O. P. Thompson, *Pr.*	G. M. Taggart, *Cas.*
"	.. Spirit Lake ...	Dickinson Co. B'k........ (Duff, Pearsall & Co.)	Hide & Leather N. B., *Chicago.*
KANSAS.	Cherokee.......	Cherokee B'k (George W. Pye & Co.)	Opdyke & Co.
"	.. Hastings	City Bank................	Mercantile National Bank.
	$*25,000*	Lyman H. Tower, *Pr.*	Ephraim S. Fowler, *Cas.*
KY.....	Owensboro	First National Bank......	Chemical National Bank.
	$137,900	Richard H. Taylor, *Pr.*	Phil. T. Watkins, *Cas.*
MINN...	Crookston......	First National Bank.......	....
	$50,000	Robert H. Baker, *Pr.*	Ansel Bates, *Cas.*
"	.. Glencoe	First National Bank.......	Amer. Exch. Nat'l B'k.
	$*50,000*	Axel H. Reed, *Pr.*	Edgar B. Lincoln, *Cas.*
"	.. Moorhead......	First National Bank.......	....
	$30,000	Charles B. Benedict, *Pr.*	Jacob H. Karcher, *Cas.*
N. M...	Raton.........	Raton Bank (Sewell G. Collins & Co.)	Kountze Brothers.
OHIO...	Columbus......	Merch. & Manufs.' B'k....	Hanover National Bank.
		Joseph W. King, *Pr.*	William D. Park, *Cas.*
"	.. Mansfield......	Citizens' Nat'l Bank.......	....
	$50,000	George F. Carpenter, *Pr.*	S. A. Jennings, *Cas.*
"	.. Xenia	Citizens' Nat'l Bank.......	Hanover National Bank.
	$60,000	Joseph W. King, *Pr.*	W. R. McGervy, *Cas.*
PENN...	Norristown....	People's National Bank...	....
	$100,000	A. A. Yeakle, *Pr.*	Lewis Styer, *Cas.*
TENN ..	Columbia	Second National Bank....	United States Nat'l B'k.
	$36,000	R. A. Ogilvie, *Pr.*	George Childress, *Cas.*

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from October No., page 323.)

	Bank and Place.	*Elected.*	*In place of*
CAL....	Union Nat. Bank, Oakland....	H. A. Palmer, *Pr*......	A. C. Henry.
" ..	Nevada Bank.............. San Francisco.	J. C. Flood, *Pr*.........	L. McLane.
		O. B. North, *V. P.*......	J. C. Flood.
		J. S. Angus, *Sec*........	....
GA.....	Ga. R. R. & Bkg. Co., Augusta.	Chas. G. Goodrich, *Cas*.	G. P. Butler.
ILL....	Second Nat'l B'k, Freeport	Michael Lawver, *Pr*.....	A. H. Wise.
KANSAS.	First National Bank, Emporia.	Charles S. Cross, *Cas*....	....
KY.....	Lexington City Nat'l Bank....	William Harting, *Pr*....	R. B. Hamilton.
MAINE..	Granite Nat. Bank, Augusta...	Treby Johnson, *Cas*. ...	W. T. Johnson.*
MASS....	Second Nat. Bank, Springfield.	H. P. Piper, *Cas*........	L. Warriner.
MO.....	Central Nat. Bank, Boonville..	James M. Nelson, *Pr*....	J. L. Stephens.*
N. H...	Claremont National Bank... Claremont.	J. L. Farwell, *V. P.*.....	....
		Geo. N. Farwell 2d, *Cas*..	J. L. Farwell.
N. Y...	Bank of Hornellsville..........	W. E. Pittenger, *Cas*.	F. H. Furman.
" ..	First Nat. Bank, Morrisville....	B. Tompkins, *Cas*.......	L. D. Dana.*
OHIO...	Second Nat. B'k, Cincinnati...	W. S. Rowe, *Ass't Cas*..	S. S. Rowe, *Cas*.*
PENN...	Merchants' Nat. B'k, Meadville.	Alexander Powers, *Pr*...	J. McFarland.
" ..	Exchange National Bank.... Pittsburgh.	Mark W. Watson, *Pr*....	J. H. Shoenberger,
		John H. Dalzell, *V. P*...	M. W. Watson.
" ..	Fifth Avenue Bank, Pittsburgh.	Charles F. Schwarz, *Pr*..	D. M. Armor.*
" ..	Farmers' National Bank, York.	D. H. Gardner, *Cas*......	J. V. Giesey.
TENN...	Third National Bank....... Chattanooga.	J. H. Warner, *Pr*.......	W. Morrow.
		D. E. Rees, *V. P.*.......	....
TEXAS..	Red River Co. B'k, Clarksville.	D. W. Cheatham, *Cas*...	G. W. Voiers.
WIS....	Kellogg Nat'l B'k, Green Bay..	H. B. Baker, *Cas*........	H. G. Freeman.

* Deceased.

OBITUARY.

CHARLES BRADLEY, of Washington, who died the 25th of August, had been Cashier of the National Bank of the Republic of that city since its organization in 1865. He was well known and greatly esteemed, and was identified with many of the local interests of that place.

R. G. STEWART, President, since its organization, of the Bank of Commerce of Buffalo, died in that city on October 29th. He was born Dec. 25, 1808, in Fenner, Madison county, N. Y. About twenty-five years ago he removed to Buffalo. He became prominent in business, and accumulated a handsome property. He was head of the commission house of Stewart, Graves & Co., and was largely identified with the elevating interests, being owner of the Exchange Elevator. He was also a Director of the new Merchants' Bank, and had been President of the First National Bank of Oneida.

FRANCIS P. SCHOALS, for the last quarter of a century President of the Broadway Savings Institution, was born in Lancaster, Penn., of Scotch-Irish parentage, in the year 1801. Apprenticed to the trade of book binding, he came to New York, sixty years ago, on attaining his majority, and went into business in a humble way. Enlarging it year by year, as his capital permitted, his establishment finally became one of the most prosperous in the city. After thirty years of active work, Mr. Schoals retired from business. When the Broadway Savings Institution was founded Mr. Schoals accepted a position on the Board, and later succeeded William T. Brady in the office of President, declining, however, to receive any salary or other compensation for his services. He was a member of the Board of Directors of the Broadway Bank, was connected officially with several insurance companies, and was a Trustee of the Union Theological Seminary, and concerned in many benevolent enterprises.

NATIONAL BANKS OF NEW YORK CITY.

October, 1881.

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National Banks in the CITY OF NEW YORK, at the close of business on Saturday, October 1, 1881, and also on October 1, 1880, and October 2, 1879.

RESOURCES.	1881. October 1. 48 banks.	1880. October 1. 47 banks.	1879. October 2. 47 banks.
Loans and discounts	$246,757,659	$238,495,325	$195,976,975
Overdrafts	143,732	——	——
U. S. bonds to secure circulation	22,991,500	21,170,500	25,745,500
U. S. bonds to secure deposits	520,000	820,000	4,671,650
U. S. bonds on hand	8,154,050	7,011,450	10,140,900
Other stocks, bonds & mortgages	13,413,566	10,420,603	8,843,712
Due from other National banks	19,917,055	14,191,525	10,957,673
Due from State banks & bankers	3,278,155	3,010,707	2,245,184
Real estate, furniture & fixtures	10,760,837	10,048,431	9,883,679
Current expenses and taxes paid	1,089,101	1,045,085	953,465
Premiums paid	1,061,796	750,763	827,972
Checks and other cash items	2,513,143	2,444,390	1,969,660
Exchanges for Clearing House	146,597,213	94,520,216	93,487,352
Bills of other National banks	1,580,588	1,534,823	1,467,887
Fractional currency	37,962	48,388	55,672
Specie:			
Gold coin	13,927,759		
U. S. gold certificates	4,486,600		
C. H. gold certificates	31,519,000	59,783,555	19,349,868
Silver coin	474,603		
U. S silver certificates	897,400		
Legal-tender notes	9,202,777	9,726,363	19,738,584
U. S. certif. of dep. legal-tenders	1,915,000	1,310,000	12,900,000
Five-per-cent. Redemption fund	1,016,807	——	——
Due from U. S. Treasurer	395,179	1,351,920	1,624,370
	$542,651,489	$477,684,044	$420,840,104

LIABILITIES.	1881.	1880.	1879.
Capital stock paid in	$51,150,000	$50,650,000	$50,750,000
Surplus fund	19,947,315	18,185,383	16,006,435
Other undivided profits	12,832,314	10,396,427	9,096,919
National bank notes outstanding	20,112,590	18,594,918	22,328,624
State bank notes outstanding	47,472	47,482	53,251
Dividends unpaid	246,228	188,701	202,726
Individual deposits	295,692,011	242,044,722	213,354,222
United States deposits	437,422	276,099	3,877,135
Deposits of U. S. disburs'g officers	89,934	132,118	157,193
Due to other National banks	104,089,161	105,933,843	81,915,319
Due to State banks and bankers	38,007,039	31,234,350	23,098,279
	$542,651,489	$477,684,044	$420,840,104

NOTES ON THE MONEY MARKET.

NEW YORK, OCTOBER 30, 1881.

Exchange on London at sixty days' sight, 4.80½ in gold.

The money market has grown easier within the last ten days. The outflow to the West has ceased, although there have not been any considerable returns from that quarter. Until the last two years money sent to the interior to aid the movement of the crops had begun to return during the month of October. It is well understood that the large sums sent to Chicago and other Western places, this year, have been employed not so much in moving crops as in buying and holding grain for speculative purposes. The ordinary expectation, therefore, concerning the Eastward flow of such funds is not likely to be fulfilled this year. So long as the speculative fever continues at its present height, an unusual amount of money will remain in the West. But a break in the grain market may happen at any time, and when it comes then grain and money will rush to the seaboard together.

It is worthy of note, however, that very different conditions prevail in the money market, apart from grain speculations, than existed a year ago. At that time, the public was buying stocks, and thus bringing money to New York. A heavy current of specie also was running into the country. Though railroad construction had rapidly developed, it had not reached the portentous magnitude of the present time. A year since the New York banks had a surplus reserve of more than $4,000,000, and their loans were $20,000,000 less than they are now. At the former date, the prices of stocks were ten to thirty per cent. below the present figures. If to these facts we add the very significant ones, that the price of wheat is thirty cents per bushel higher than it was then, that the price of other grains has advanced in proportion, and that enormous stocks have accumulated in the hands of speculators, to carry which requires a large amount of money, the unusual condition of the money market for the last few weeks will be better understood.

The large receipts into the Treasury during the month have enabled the Secretary to pay the bonds under the last call at an earlier date than was originally fixed for their redemption. This mode of conducting the business, however, has not pleased those who desired an earlier payment of the bonds. But if he had assumed the function of regulating the money market, it is doubtful whether larger payments by the Treasury would have had a good effect. Would not the money have been used to feed the fires of speculation? Surely he would have been powerless to give it any direction after it was poured out from the Treasury. Such an attempt to regulate the money market might, therefore, have ended in expanding speculation even to a higher degree. This result surely would have been very generally deplored.

The reports of the New York Clearing-house banks compare as follows:

1881.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Oct. 1...	$330,497,400	$59,643,200	$14,730,300	$308,518,100	$19,859,100	*$2,746,025
" 8...	326,123,900	56,531,400	14,856,800	298,897,900	19,867,100	*3,333,275
" 15...	318,348,900	54,807,200	15,174,500	290,018,300	19,896,100	*2,522,875
" 22...	311,310,500	58,359,400	15,208,700	286,643,300	19,919,000	1,907,275
" 29...	309,254,500	61,068,100	15,652,400	288,038,800	19,948,000	4,710,800

* Deficiency.

The Boston bank statement for the past four weeks is as follows:

1881.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Oct. 1.......	$157,446,100	$7,374,500	$3,150,500	$100,669,700	$31,719,300
" 8.......	156,130,700	7,468,900	3,451,400	99,601,200	31,628,000
" 15.......	155,481,600	6,765,500	3,221,900	95,846,400	31,544,600
" 22.......	154,130,500	6,714,300	3,434,800	96,952,200	31,496,100

The Clearing-House exhibit of the Philadelphia banks is as annexed:

1881.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
Oct. 1.......	$78,658,276	$19,041,951	$70,618,543	$10,971,825
" 8.......	78,612,651	17,967,664	69,120,946	11,013,325
" 15.......	78,303,266	17,509,952	69,162,414	11,027,165
" 22.......	77,483,364	16,636,105	67,380,507	11,106,828
" 29.......	76,675,853	16 733,582	67,008,776	11,069,145

The great advance in the price of grain has had the effect of checking exportation, and thus reducing the amount of foreign bills. Gold has been imported in considerable amounts, but less heavily than for the corresponding month of last year. The recent grain speculations therefore, if bringing no good to our own country, have yielded a temporary relief to foreign banks; for, if exportations had gone on as usual, and bills had been drawn to pay the indebtedness thus incurred, the drain of gold from Europe would have been much more severe. The Bank of England holds now virtually the only available European supply, and a reserve of less than £10,000,000, which is always a small one, is very small in view of all the demands that are likely to be made upon it.

The following table, showing the condition of the Bank of England for three months, ending October 12th, is very striking, especially as showing the reduction in the reserve during that period.

Date.	*Coin and Bullion.*	*Gold—in, from Abroad; or out, for Export.*	*Circulation (excluding Bank Post Bills.)*	*Deposits.*	*Securities in Banking Department.*	*Reserve.*	*Rate of Discount.*
	£	£	£	£	£	£	%
July 6.	26,924,402	12,000 out	27,547,970	33,920,375	36,898,324	15,126,432	2½
13.	26,653,743	even.	27,260,370	33,471,233	36,466,568	15,143,373	—
20.	26,596,686	10,000 in	27,231,255	33,135,497	36,177,338	15,115,431	—
27.	26,256,550	132,000 out	26,967,105	32,900,584	35,990,906	15,039,445	—
Aug. 3.	25,246,694	644,000 out	27,667,525	31,420,487	36,257,116	13,329,169	—
10.	24,673,742	466,000 out	27,391,175	29,919,939	35,091,415	13,032,567	—
17.	24,551,973	143,000 out	27,017,170	30,370,911	35,292,524	13,284,803	3
24.	23,752,052	845,000 out	26,577,005	30,767,105	36,052,772	12,925,047	4
31.	23,517,361	144,000 out	26,688,295	31,393,329	37,324,553	12,579,066	—
Sept. 7.	23,190,018	217,000 out	26,517,870	30,814,150	36,932,486	12,422,148	—
14.	23,044,374	144,000 out	26,224,825	30,655,452	36,625,258	12,569,549	—
21.	23,309,728	273,000 in	26,054,590	30,889,279	36,449,105	13,005,138	—
28.	23,069,226	148,000 out	26,310,535	30,037,864	36,097,769	12,508,691	—
Oct. 5.	21.695,240	515,000 out	27,123,330	33,886,593	41,478,765	10,321,910	5
12.	21,074,343	217,000 out	26,905,835	30,706,958	38,725,255	9,918,508	—

No exciting features have occurred in the stock market since the culmination of the Hannibal and St. Jo. corner. Railroad securities from abroad have been returned in considerable amounts, and a part of the large block of New York Central stock purchased of Mr. Vanderbilt by a syndicate not very long ago has been recently sold. The following table exhibits the course of prices of the leading stocks for the month.

QUOTATIONS:	*Oct.* 7.	*Oct.* 14.	*Oct.* 21.	*Oct.* 31.
U. S. 6s, 1881, Coup...	100⅝ ..	100¾ ..	100⅝ ..	—
U. S. 4½s, 1891, Coup.	113¼ ..	113 ..	113 ..	113
U. S. 4s, 1907, Coup...	115⅞ ..	115¾ ..	116 ..	116¼
West. Union Tel. Co..	84⅞ ..	87¾ ..	86⅝ ..	87½
N. Y. C. & Hudson R.	138⅛ ..	139 ..	137¼ .	140⅛
Lake Shore...........	119½ ..	120 ..	119½ ..	122¼
Chicago & Rock Island	133½ ..	134 ..	134½ ..	135¼
New Jersey Central...	92½ ..	94⅛ ..	94⅝ ..	96¼
Del., Lack. & West....	123⅝ ..	123⅝ ..	127 ..	127⅜
Delaware & Hudson..	107⅞ ..	108 ..	109 ..	109
Reading..............	69½ ..	68½ ..	67½ .	68⅞
North Western........	135 ..	124½ ..	124 ..	125⅛
Pacific Mail..........	48⅞ ..	49⅝ ..	50¾ ..	49⅝
Erie..................	43⅜ .	43⅝ ..	44¼ ..	45⅛
Discounts............	6 @ 6½ ..	6 @ 6½ .	6 @ 6½ ..	6 @ —
Call Loans...........	6 @ 6⅛ ..	5 @ 6 ..	3 @ 6 ..	4 @ 5
Bills on London........	4.79@4.83 ..	4.79½@4.83½ .	4.79¾@4.83¾ .	4.81½@4.85½
Treasury balances, coin	$79,126,195 ..	$78,915,191 ..	$76,327,500 ..	$76,796,154
Do. do. cur.	$5,048,760 ..	$4,924,418 ..	$4,981,963 ..	$5,035,146

Speculation concerning Secretary Windom's successor has been set at rest by the appointment and acceptance of Judge Folger. General regret was expressed because ex-Governor Morgan declined to accept, but the appointment of Judge Folger is very acceptable to the country. He is known to entertain sound conservative views, and his course is not likely to vary materially from that of his two immediate predecessors. One of the questions on which many will be most desirous to gain information will be his views in respect to the management of the surplus revenue.

Speculation in grain and several other products, though active, exhibits a downward tendency, and it is evident that the highest point has been passed. The near approach of cold weather, the desire to get the Western crops to the seaboard before the close of canal navigation and the advance in railroad rates, are events which also tend to depress prices and increase transportation.

Abroad the conduct of the Bank of France has been such as to give rise to the charge of its having encouraged speculation by making reckless advances. A comparison of the bank statement for the 29th of September with that for May 3d, shows that its advances rose from $229,441,950 at the last-named date to $290,937,877 in September, an increase of nearly twenty-seven per cent. We append a statement of its condition as well as that of other European banks.

CONDITION OF FOREIGN BANKS.

BANK OF FRANCE.

	October 13.	*October* 6.	*Increase.*	*Decrease.*
Cash..................	£72,262,000 .	£73,169,000 .	—— .	£907,000
Government securities..	14,104,000 .	14,104,000 .	—— .	——
Private securities.......	63,728,000 .	61,359,000 .	£2,369,000 .	——

	October 13.	October 6.	Increase.	Decrease.
Notes	107,288,000	105,071,000	2,217,000	——
Government deposits	14,538,000	15,449,000	——	911,000
Private deposits	18,284,000	18,429,000	——	145,000

IMPERIAL BANK OF GERMANY.

	September 30.	September 23.	Increase.	Decrease.
Coin and bullion	£25,759,000	£26,880,000	——	£1,121,000
Discounts and advances	27,919,000	21,257,000	£6,662,000	——
Notes in circulation	41,929,000	36,748,000	5,181,000	——
Current accounts	9,314,000	8,845,000	469,000	——

AUSTRO-HUNGARIAN BANK.

	September 30.	September 22.	Increase.	Decrease.
Coin and bullion	£18,576,000	£18,393,000	£183,000	——
Discounts and advances	14,658,000	14,133,000	525,000	——
Circulation	34,265,000	33,533,000	732,000	——

NETHERLANDS BANK.

	October 1.	September 24.	Increase.	Decrease.
Coin and bullion	£9,572,000	£9,786,000	——	£214,000
Discounts and advances	8,951,000	8,391,000	£560,000	——
Notes in circulation	15,969,000	15,603,000	366,000	——
Deposits	1,152,000	1,155,000	——	3,000

NATIONAL BANK OF BELGIUM.

	September 29.	September 22.	Increase.	Decrease.
Coin and bullion	£3,679,000	£3,661,000	£18,000	——
Home discounts	9,634,000	9,282,000	352,000	——
Foreign discounts	1,527,000	1,637,000	——	£110,000
Circulation	13,035,000	12,590,000	445,000	——
Deposits	2,753,000	2,774,000	——	21,000

ITALIAN BANKS OF EMISSION.

	July 31.	June 30.	Increase.	Decrease.
Coin and bullion	£5,507,000	£5,597,000	——	£90,000
Discounts, &c	16,519,000	17,306,000	——	757,000
Circulation	29,585,000	29,218,000	£367,000	——

NATIONAL BANK OF ITALY.

	July 31.	June 30.	Increase.	Decrease.
Coin and bullion	£3,435,000	£3,526,000	——	£91,000
Discounts, &c	9,691,000	10,091,000	——	400,000
Circulation	17,955,000	16,755,000	£1,200,000	——

DEATHS.

At WASHINGTON, D. C., on August 25th, aged sixty-six years, CHARLES BRADLEY, Cashier of the National Bank of the Republic of Washington.

At NEW YORK CITY, on October 11th, aged eighty-one years, FRANCIS P. SCHOALS, President of the Broadway Savings Institution of New York.

At WASHINGTON, D. C., on October 13th, WILLIAM STICKNEY, President of the National Savings Bank and National Safe Deposit Company of Washington.

At BUFFALO, N. Y., on October 29th, aged seventy-three years, R. G. STEWART, President of the Bank of Commerce.

THE

BANKER'S MAGAZINE

AND

Statistical Register.

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THE MANAGEMENT OF THE PUBLIC DEBT.

A renewal of the discussion about paying the public debt has demonstrated more clearly than ever the great unanimity of sentiment among the people in favor of discharging it at an early period. Of this fact politicians and others who wish to be on the popular side would do well to take heed. Nor is there any probability that public opinion, now so sharply crystalized on this subject, will soon dissolve.

Regarding this fact as settled, that the people desire a rapid discharge of the debt, a very serious question arises in applying the revenues for that purpose. Only three classes of bonds beside the Pacifics exist; and the question is, which can be discharged with the greatest economy to the Government and the most considerate regard for every business interest?

It is clearly enough seen that if the Government continues to buy or call the three-and-a-half-per-cent. bonds, the National banks, in many cases, must withdraw their circulation, unless they are permitted to substitute, under proper conditions, other bonds in the place of the three and a half per cents.; for they cannot afford to buy the fours and the four and a half per cents at the present premium to deposit as security for their circulation. Of the total amount of three and a half per cents. outstanding the first of November, $241,376,150 were held by the banks to secure their notes. The following table shows the total amount and kinds of bonds employed for this purpose at that date:

Class of bonds.	*Rate of interest.*		*Amount.*
Funded loan of 1907.........	4 per cent.	..	$92,005,800
Funded loan of 1891.........	4½ per cent.	..	31,981,650
Five-per-cent. bonds..........	int. ceased	..	758,900
Five-per-cent. bonds extended.	3½ per cent.	..	187,634,550
Six-per-cent. bonds...........	3½ per cent.	..	53,741,600
Pacific Railway bonds........	6 per cent.	..	3,486,000
Total..			$396,608,500

Of course, if the banks cannot afford to buy the bonds of 1891 and 1907 in case the Government should determine to redeem all the three and a half per cents. first, their circulation must be withdrawn unless the Government will allow them to substitute other bonds for those issued by the United States.

It is evident there could not be much contraction of the bank circulation without deranging business; and rather than have such a disaster occur, not a few who have studied the subject from many points of view, declare that it would be better policy to pay the fours and the four and a half per cents. first, even though the Government were obliged to pay a considerable premium to get them. Moreover, it is contended that because the three and a half per cents. bear such a low rate of interest and can be redeemed at the pleasure of the Government, they should be the last bonds discharged.

It is true, if the Government determined to buy the fours and four and a half per cents. at present prices, the real premium paid would be the difference between the rates of interest on the various classes of bonds, which is not very large. The exact amount we have shown in a previous number. But, on the other hand, while it would be the same thing to the Government to buy a four-and-a-half-per-cent. $100 bond which matures in 1891 at $110 as to buy a three-and-a-half-per-cent. bond already matured at $100, yet the owner of the four-and-a-half-per-cent. bond would get ten dollars more for his bond than he paid for it. And if the Government paid $113 for a $100 four-per-cent. bond which matures in 1907, the Government would pay no more than for a $100 three-and-a-half-per-cent. bond which may be paid at any time, and the difference of one-half of one per cent. interest.

While these facts are very apparent, yet the tax-paying classes generally would be unwilling to have the Government buy the fours and the four and a half per cents. at any considerable advance beyond par. They can see clearly enough that while there would be no loss to the Government from such an operation, regarded from one point of view, the bondholder would get in any case more than he paid. He bought them at par, and the taxpayer would not be willing to have the Government pay a much larger sum for them than was given by the bondholder in the beginning. The

question therefore presses, how can the Government redeem these bonds without paying the present premium and without infringing, in any way, the rights of the bondholder.

This end can be effected in several ways one of which may be briefly considered: That is to create a sinking fund to be used solely for the discharge of the various kinds of Government bonds as they matured, or when their price fell below a certain figure. Now, the formation of such a fund ought not to be either a difficult or a risky operation. Congress might prescribe for the purchase of certain bonds, the soundness of which no one could question. Suppose, for example, that Congress should enact that railroad bonds might be purchased of any completed railroad that had been earning and paying yearly a dividend of six per cent. or more, for a specified number of years, and further, that the bonds thus purchased should belong to a class of liens or mortgages not exceeding a certain number of thousand dollars per mile, and not preceded by any other liens; is it not clear that such bonds so amply secured would be a safe investment for the nation? Congress, after declaring in general terms the bonds that might be purchased, might also specify the names or kinds of bonds falling within the conditions, and from year to year revise the list as circumstances should require.

In respect to the mode of buying the bonds, this might be done in the present manner, by advertising for bonds belonging to the purchasable list, and those offered at the lowest price the Government be required to take. In that case there would be no chance for exercising favoritism; and by conducting the entire business in an open manner, and including in the monthly statements the particulars of the bonds purchased, where would be the opportunity for crookedness in making purchases? The bonds, too, might be registered and declared non-negotiable, and thus all possibility of loss by robbery, fire, or other cause, be avoided.

In selling the bonds, also, the law might be equally exacting in respect to conducting the business openly, requiring due notice of their sale, and all the particulars relating thereto; and if this were done, it is difficult to see how the Government could lose by the operation.

It will be seen that by adopting such a policy, the Government would accumulate a fund with which to redeem its bonds. The bonds belonging to the sinking fund would probably draw higher interest than those issued by the Government itself, and the bondholder's investment would not be disturbed until it matured. Were this policy adopted, the Government could immediately stop buying its three and a half per cents., and concentrate all its energies in collecting a surplus revenue, and using it to buy bonds, the avails of which would be applied in paying for those maturing in 1891 and at later periods.

We shall now proceed to answer some objections to the plan suggested. First, it may be inquired, would not the price of the bonds which the Government officers were authorized to buy advance and become worth nearly as much as those issued by the Government? This is not probable. Suppose the Government were to become a purchaser to the extent of $50,000,000 yearly, what is this sum in comparison with the total amount sold? The purchases by the Government would, doubtless, affect the prices of bonds somewhat, but not very greatly. The field for selection would be so large, and there would be so many sellers, that the advent of the Government as a customer in the market would not, probably, cause a very heavy advance of prices. But if it did, then the Government should stop, for the sole object of making these purchases would be to save the public money. If the Government could not effect this end, then it would be useless to buy bonds, and nothing further need be attempted in this direction.

It has been suggested that municipal bonds be purchased under proper regulations which should insure the buying of safe securities. By thus widening the field of purchase the price of the bonds lying within it would be kept lower. Perhaps it would not be so easy to prescribe safe regulations for the purchase of these bonds as for the purchase of those previously mentioned; yet all kinds of safe securities should be considered in establishing a purchasable list.

But some may shudder over the idea of having the Government officers collect and hold a vast quantity of bonds. Any unpleasant feeling of this kind ought to be dissipated by the thought that for nearly twenty years the treasury officers have held hundreds of millions of bonds for the banks and none have been lost or stolen. Cannot the Government buy and keep bonds for a sinking fund with equal safety? If they were not negotiable, if they would prove worthless to the robber, where would be the danger in collecting them?

It may be asked, would there not be danger in Congress diverting them to some other purpose? Such an end might be prevented by legislation in the beginning. Congress might declare that the bonds thus purchased were bought for the benefit of the bondholder in order to pay him when his bonds were due. Thus the fund accumulated would really belong to him, and the obligation thus created, of using the avails of the bonds in that way only, would be so strong that Congress would hardly dare apply them in a different manner. But, to remove all doubt, a constitutional amendment might be passed forbidding the use of any bonds belonging to the sinking fund for any other purpose than that for which they were purchased.

Again, the quantity purchased might not be very large.

Were the plan adopted, the accumulation would begin for paying the bonds of 1891. Now, predicting from past experience, four or five years before they are due the premium will probably drop down so low that it will not be desirable for the Government to continue to buy other than its own bonds, which are to be redeemed at that time. It is true if the Government determined to buy these bonds during the last four or five years of their running, the premium would remain high until the bonds matured; but if the Government determined on an alternative policy of buying the four and a half per cents. at a certain price, or, failing to get them for that, to purchase other bonds, then the price would not keep up in consequence of any action of the Government beyond the amount it was willing to pay.

Lastly, it may be inquired, would not such action tend to reduce the value of the bonds, and would this be fair and honorable to the bondholders? Doubtless if the Government determined to buy none of the fours or four and a half per cents. until they matured, or at a price considerably below that now paid, their value would decline. The price of these bonds is sustained somewhat by the belief that the Government will become a large purchaser before they mature. Were the future policy of the Government clearly defined, that none of these bonds should be purchased at any considerable premium, would we not witness a shrinkage in their value? But if the Government should establish such a policy the bondholder could not justly complain, for it is one of the risks taken in buying them. As no one will accuse him of wrong doing in his efforts to raise the price of these bonds by declining to part with them except at a high figure, so the Government could not be justly blamed if it determined to buy none with its surplus revenue before they matured, unless they were sold much lower than the present quotations.

In thus adopting a policy of buying bonds for a sinking fund composed only of perfectly sound securities, offering also to buy the government bonds, though at a figure below that now prevailing, and purchasing occasionally the three and a half per cents., it is believed that the public economy would be promoted and a wise conservatism be maintained in the administration of our national finances. The broader the policy, the more numerous the alternatives possessed by the Government, the more economically and successfully can it redeem its obligations.

Rise in Value of Diamonds.—The price of diamonds has risen about twenty-five per cent. within a few weeks, in consequence of the purchase of the great Kimberley mine, in the South African diamond field, by a company of English capitalists, who intend to hold its products for an advance in values.

BANK EXAMINATIONS AND BANK DIRECTORS.

It must be admitted that the art of bank robbing has attained a high degree of perfection. Formerly, tools, powder, gags, and darkness were needed for the nefarious work, but by the improved method the robber sleeps like other folks, practises his art in the light of the sun, with deliberation and coolness, and maintains his *status* in society. Every account agrees that Baldwin, the manager of the recently failed Newark bank, was regarded as one of the best financiers in the State; and no one will question his pre-eminence as a bank robber. Possessing this double reputation, his fame is likely to be kept bright for a considerable period, at least until those who have lost and suffered by the downfall of the bank have passed away.

Baldwin would not have performed his feat so easily had the directors been inclined to act any other part than that of dummies. Having been thus kindly left to himself, Baldwin was only eight years in cleaning out the concern, or at the rate of $6,154 per week. This fact shows that he was a man of business, for a lazy person would not have robbed so persistently and apparently with so much cheerfulness.

This failure, and that of the Pacific Bank, have caused no little commotion among banking circles. The national banking law is declared to be faulty, bank examiners incompetent, and bank directors blind. Now these charges, while doubtless containing some truth, are altogether too sweeping, and should not stand as the deliberate judgment and belief of those who are most interested in these institutions.

In the first place, it would be difficult to improve the law very much in respect to bank examinations. It has been perfected in the light of a long and wide experience. The deeds of Baldwin, while painfully surprising, are not the first of the kind which have blazed up before the astonished gaze of the world. His mode of operations was an old one, against which the law had provided as perfectly as possible. Legislative wisdom can do no more. The crime occurred through no fault of the law under which the bank was living.

Nor is it true that the bank examiners as a class are incompetent and worthless. Some of them may not discharge their duties efficiently, but surely this cannot be justly said of all. Admitting that in some cases they are appointed to please politicians, and to reward them for political service, and without much regard for their fitness, yet among the entire number there are those who are efficient, and against

whom nothing can be said. Yet bank rogues have eluded the vigilance of the most, as well as the least, efficient bank examiners. The unpleasant truth is, when the manager of a bank determines to defraud it, he has usually a far better knowledge of the way to do it than any bank examiner has of the way to detect him. Nevertheless, bank examiners have certainly done much in uprooting irregularities, in exposing frauds at an earlier date, in preventing their commission through fear of detection. Their labors have not been useless, and if in some instances they might have been more vigilant, let them not be condemned as worthless officials, and sleeping. when others would have watched.

For, whatever may be the law in regard to examinations, and however it may be executed, the directors and stockholders are not thereby absolved from performing their duties. Directors cannot with very good grace accuse bank examiners of incompetence or negligence when they act simply the part of dummies, to do as they are bidden or desired by the bank manager; nor can the stockholders complain with any better reason if they knowingly elect directors who perform their duties only in a formal and perfunctory manner. Thus, in the final consideration of these failures, the blame must fall on the stockholders, by whom were elected directors who entrusted the management wholly to Baldwin and Benyon. The stockholders should have taken a little more trouble to find out what the directors did; and they in turn should have looked after Baldwin and Benyon more closely. Whatever may have been the conduct of the bank examiner in this particular instance, the directors and stockholders can furnish no excuse for their own thoughtless and expensive negligence.

One lesson to be drawn from this affair is very plain. Even with a perfect law concerning examinations, and a faithful execution of it, directors and stockholders are not to be excused on that account from doing their duty. Eternal vigilance is the price of safety to these institutions. No one connected with them can exercise too much. A bank has never failed from too great watchfulness of its management.

Notwithstanding the shock sustained by many from the failure of these banks, the few failures which occur, in comparison with the whole number of banks, show how safely as a whole these institutions are conducted. No failure of a national bank occurred during the year previous to Oct. 31. Handling every year an amount of money so vast that the mind fails to comprehend the full significance of the figures, only at rare intervals has a failure occurred. The pecuniary loss, therefore, caused by bank failures is exceedingly small compared with the total sum in the possession of the banks. This affair, instead of exciting sus-

picion and an uncomfortable feeling among shareholders, should lead them to exercise greater vigilance, and render the banks, if possible, more secure in the future.

GOLD AND SILVER PRODUCTION.

The Director of the Mint, H. C. Burchard, has just issued a valuable report replete with statistics and other information relating to the production of gold and silver in the United States. Of course, it is impossible to attain very close accuracy in these matters, yet the facts thus gathered can be profitably used. The director had estimated the production of gold for 1880 at $36,000,000, and this estimate has been sustained; the silver produced during the same period, $39,200,000, exceeded his estimate by $1,500,000.

The following is a statement of the product of the different localities for the fiscal year ended June 30, 1880:

	Gold.	*Silver.*	*Total.*
Alaska	$6,000	—	$6,000
Arizona	400,000	$2,000,000	2,400,000
California	17,500,000	1,100,000	18,600,000
Colorado	3,200,000	17,000,000	20,200,000
Dakota	3,690,000	70,000	3,760,000
Georgia	120,000	—	120,000
Idaho	1,980,000	450,000	2,430,000
Montana	2,400,000	2,500,000	4,900,000
Nevada	4,800,000	10,700,000	15,500,000
New Mexico	130,000	425,000	555,000
N. Carolina	95,000	—	95,000
Oregon	1,090,000	15,000	1,105,000
S. Carolina	15,000	—	15,000
Utah	210,000	4,740,000	4,950,000
Virginia	10,000	—	10,000
Washington Territory	410,000	—	410,000
Wyoming Territory	20,200	—	20,000
Other sources	14,000	—	14,000
Total	$36,000,000	$39,200,000	$75,000,000

The gold circulation of the United States, including bullion in the Treasury, amounted at the commencement of May to $520,000,000, of which about $264,000,000 was held as Treasury and National-bank reserves, and $256,000,000 was in actual circulation. There has been a gain of gold coin and bullion to the country since July, 1870, of $234,000,000, of which $35,000,000 was added to the Treasury, $59,000,000 to the banks, and $140,000,000 to the active circulation. Only two countries in Europe possess a larger amount of gold than our own. The amount estimated to be in England in 1880 was $596,000,000, of which $428,000,000 was in actual circulation; and France, with $927,000,000 of gold, had a circulation of about $816,000,000. The larger proportion

in active circulation in France the Director attributes in part to the fact that their coinage consists almost exclusively of denominations of less value than five dollars. The largest English gold coin is the sovereign, equivalent to $4.86½ of American money, while in France, out of a total coinage during the last seventy-seven years of $1,743,288,000 of gold, nearly ninety-nine per cent. was in pieces of less than five dollars.

THE VALUE OF RELIGION TO SPECULATORS.

No doubt Homer, Virgil, Dante, Milton, and other great poets, were wondrously endowed with imagination, but, after all, their displays of the divine gift were feeble compared with the displays seen so often now-a-days in Wall Street and in other money markets. The stories of the speculator are, indeed, very different from those told by Homer, although it may be questioned whether they are more truthful, even if it be admitted that Troy is a myth, and the fair Helen purely a creature of fiction.

It would be useless to recount the imaginative displays so frequently witnessed in Wall Street. How often has it been reported that Mr. Vanderbilt had sneezed and was going to die, and thereupon the frightened ones would begin to sell stocks. How often has he sold out his interest in the New York Central Railroad during the last year? How many times have stories suddenly blossomed out into full size of dividends that were to be reduced or passed; of combinations that were to be made or broken? Scarcely a day goes by without the invention of a story of this kind, which has been carefully spun in the magical loom of some diligent speculator.

In the history of speculation, to the French will be ascribed the glory of having demonstrated to the world the value of religion as a lever to move the money market. The famous lever of Archimedes, with which he proposed to move the world if he could just step off one side so as to get a good pry, was not much of a lever compared with the spiritual instrument by which certain recent French speculators have moved the francs out of the pockets of others into their own.

Of all countries France would seem to be the best for making use of religion for stock-jobbing purposes, because the people are so pre-eminently pious. Ever since the revolution of '89, the religious character of the French has been well established. The speculators, recognizing this fact, have utilized this religious element with which the atmosphere of

France is so heavily charged, in a manner as original and striking as were the experiments of Benjamin Franklin with electricity a century ago.

Let us briefly explain how these French speculators extracted their large profits from religion. About three years ago a speculator named Dervieux founded the Union Générale. As he was a very religious man, he conceived the happy idea of having the Pope bless his undertaking. He succeeded in obtaining it, but how the thing was done still remains a mystery. It is wickedly hinted that by giving a thousand-franc note, to some of the Holy Father's household perhaps, the blessing was granted. Anyhow, the shares of this blessed company were soon placed on the market, and were taken by eager purchasers. Its capital was nominally 200,000 shares, at 500 francs each, one-quarter of the price per share being paid. Unluckily for Dervieux, he confided the managing directorship of the company to Eugene Bontoux, who had had some financial experience in Austria. Dervieux was quickly deposed and disappeared from the scene. Considering his ill-luck, perhaps a technical view ought to be taken of the Papal blessing, as including simply the company and not its manager.

Having obtained control of all the money belonging to the Union Générale, Bontoux established in Austria the Lander Bank, with 200,000 shares at 500 francs each, and one-half paid up. With this capital he began buying all the Austrian mines he could find for sale, and the tide of prosperity swelled high and fast on all his ventures.

After a time, however, several Parisian financiers concluded they would remind M. Bontoux that it was just about as easy to wreck a company as to put it afloat. Accordingly, they began to "bear" heavily the shares of the two companies. They sold a large quantity of stock which they did not possess, and when they began to look around innocently for shares to buy and deliver, they suddenly saw something. The shares of the Lander Bank were all in the hands of M. Bontoux; and the sanctified stock of the Union Générale was all in the hands of priests and devout women, not one of whom would sell a share. The "bears" finding themselves in a corner, were not so happy as they were before venturing into this business. Bontoux very calmly advanced the price of the Union Générale shares to 2,350 francs and those of the Lander Bank to 1,200. It is reported that one Parisian banker paid 7,000,000 francs before Bontoux would let go his hold. It is even said that three Hebrew bankers went to the Archbishop of Paris and offered to be publicly baptized as Christians if he would induce Bontoux to lend them the shares they had contracted to deliver. Little had Bontoux ever imagined that he should make Christians by such a peculiar financial process.

The reader will thus perceive that the French speculators have demonstrated the practical monetary value of religion in a manner hitherto unknown to the world. What will be the next invention of the untiring speculator to get money from the innocent and confiding?

LIABILITY ON LOST NOTES.

Several very interesting and important principles have been established concerning the rights of parties to lost notes and other instruments, which we propose to lay before our readers. Cases of this kind frequently occur, and one in particular will be mentioned before concluding our paper.

It is a well-known principle that where one of two innocent persons must suffer by a fraud, the one who has furnished the means for committing it must bear the loss. 2 *Dan. on Neg. Inst.*, § 1429. Long ago it was decided that when a bank note, payable to A or bearer, is lost, and found by a stranger, and by him transferred to C for a valuable consideration, A may bring trover against the stranger, for he has no title to it; but not against C, by reason of the course of trade, which creates a property in the assignee or bearer. 1 Salk. 126. "Bank notes, bills of exchange, promissory notes, payable to bearer or to order, when endorsed in blank, are all placed upon the same footing, and for the same reason; because these principles alone would secure their free circulation." Such is the language of Ch. J. Williams in *Brush* v. *Scribner*, 11 Conn. 388. The learned judge continues, "The *bona fide* holder of such instruments, having received them for a valuable consideration, in the usual course of business, must be protected against the claims of the original owner, by whose misfortune, or negligence, one of two innocent parties must suffer. As between the former owner, who has been robbed, and a subsequent *bona fide* holder for value, it is certainly a case of great hardship; it has, however, been settled by eminent judges, upon principles similar to those which validate sales of stolen goods in market overt, or the circulation of coin."

The subject was considered by Lord Mansfield in *Miller* v. *Race*, 1 Burr. 452, a case which related to a bank note. This is the leading authority, and though somewhat shaken afterward by other decisions, the English courts finally reasserted the doctrine there laid down, and it is the unquestioned law both in Great Britain and in this country.

The Supreme Court of the United States went over the ground in 1864, in *Murray* v. *Lardner*, 2 Wall. 110. The

former decisions of that court were reviewed, and also the English cases. The case itself related to coupon bonds of the ordinary kind, payable to bearer, which passed by delivery, and of course could not be recovered by the loser of the purchaser. (See *Garvin* v. *Wiswell*, 83 Ill. 215.)

But a very different rule prevails with respect to lost instruments that are forged or altered. Thus where a thief or finder of negotiable paper, payable to order, which had been indorsed and put into circulation by the payee, erased the indorsement, and, subsequently, personating the payee, forged his signature and transferred the paper to a *bona fide* purchaser for value, it was held that no title passed as against the true owner. *Colson* v. *Arnot*, 57 N. Y. 253. The same court had previously decided that a forged indorsement, no matter how cautious the purchaser might be, would give no title. *Graves* v. *American Exchange Bank*, 17 Ibid. 205.

The general rule governing the payment of forged paper is thus stated by Daniel: "Where one pays money on forged paper by discounting or cashing it, he can always recover it back, provided he has not himself contributed materially to the mistake by his own fault or negligence, and provided that by an immediate or sufficiently early notice he enables the party to whom he has paid it to indemnify himself as far as possible." 2 *Dan. on Neg. Inst.*, §§ 1369, 1370. This is merely another application of a still more general principle that money paid under a mistake of fact may be recovered back.

Does the same rule prevail in respect to lost paper altered by the finder or thief that is so generally recognized in the case of forged paper? We think an affirmative answer may be gathered from the decisions. Said Earl C. in *Colson* v. *Arnot*: "It cannot be the policy of the law to facilitate the free circulation of forged, altered, or mutilated paper. The purchaser of such paper must take the risk of its genuineness. The law protects him only in the purchase of genuine commercial paper, in good faith."

The case of *Brown* v. *Reed*, 79 Penn. 370, is very instructive on this point. The paper in question was part of a contract so skillfully arranged that if a portion on the right end were cut off there would be left a negotiable note. The paper was thus cut and the note was negotiated, and the purchaser brought a suit against the maker to recover the amount. Mr. Justice Sharswood, who delivered the opinion of the Court, remarked that if the maker of a bill, note or check issued it in such a condition that it might be easily altered without detection, he was liable to a *bona fide* holder who took it in the usual course of business before maturity. But the maker was not bound to a *bona fide* holder on a note fraudulently altered, however skillful the alteration, provided

he had himself used ordinary care and precaution. He then adds: "He would no more be responsible upon such an altered instrument than he would upon a skillful forgery or handwriting," thus placing the alteration of such a paper and forgery in the same light, so far as the liability of the maker was concerned. (See *Ætna National Bank* v. *Winchester*, 43 Com. 402.)

We have been led to state these principles of law from having received the following inquiry: "A purchased from 'the bearer' a pay check issued by a railroad company, payable 'to bearer,' on indorsement by one of the company's officers. Such an indorsement was made. Across the face of the check was printed 'payable at the company's office, or at the Bank of ——, at the option of the holder.' A indorsed the check to his St. Louis correspondent, it was stolen from the mail, and presented to one of the company's agents by whom it was paid. The question is, can A recover of the company, or must he lose the sum paid for the check."

It would seem pretty clear from the foregoing principles that he can recover of the company. The check when transmitted to St. Louis was payable by delivery. A had made it payable solely to his St. Louis correspondent. The general principle, therefore, that applies to the holders of negotiable paper purchased in good faith, protecting them even if the paper has been lost or stolen, does not apply in this instance. Of course, if the indorsement had not been erased, the thief could not have obtained money on the check, unless he had successfully personated the payee. But if he had, certainly this would not have been any defence to a demand against the company by A. "One who buys such paper from a thief must take it in the condition it is when it leaves the hands of the maker, and he can take it in no other way." (Earl C., *Colson* v. *Arnot*, *ante*.) The company did not pay A's check, but an altered one which must be regarded essentially the same as a forged paper.

An attempt has been made to distinguish between the legal consequences of the alteration and the spoliation of such an instrument, but thus far the attempt has not been successful. *1 Green. on Ev.*, § 566; see dissenting opinion of Dwight C. in *Colson* v. *Arnot; Bigelow on Fraud*, p. 107.

OUTSIDE SPECULATION.

The *Boston Commercial Bulletin* says: "We have kept a pretty close watch of the outcome of the principal failures in the country during the past three months, and fully two-thirds of them have been caused by 'dipping into' outside speculation, hoping to make a short cut to fortune. In view of the prosperous times, we cannot explain why a mercantile firm, with an ordinary quantity of brains, fails in business, unless it is not satisfied with the safe and reasonable profits of legitimate business."

NEW TENDENCIES OF POLITICAL ECONOMY IN ENGLAND.

[TRANSLATED FROM THE REVUE DES DEUX MONDES, AND CONTINUED FROM NOV. NUMBER.]

II.

The reform which Mr. Leslie preaches in political economy is similar to that taken up by Sir Henry Maine in the study of law. At bottom it is a reaction against the deductive and purely "rational" method of the eighteenth century, like that inaugurated in Germany by Savigny and the entire historic school. I quote at random two passages that sufficiently indicate the way of thinking of the eighteenth century. Turgot says proudly, in his famous memoir to the king: "We do not seek to know what is or has been, but what ought to be. It is not for science, but for conscience, to decide. The rights of men united in society are not founded upon their history, but upon their nature." Galiani says in his Dialogues on the commerce of cereals, which contradict so finely M. Thiers' saying that political economy is but a wearisome literature: "What shall be our guide? Our reason. Common sense is the only supreme court that never takes a vacation; it is always sitting. Let us lay down principles taken from the very nature of things." Without doubt our reason and common sense ought to guide us; how, otherwise, could we reason justly? But not from the abstractions of human thought can they derive rules to be followed in politics or political economy. Nothing truly instructive in books and nothing practical in laws can be attained without statistics and history. One of the great services rendered science by Maine's fine work, *Ancient Law*, is the having pointed out what errors, contradictions, and useless wanderings had been produced by the confused idea of a natural state and a natural law. Mr. Leslie's works will contribute to purging political economy of the same style of entities in what relates to "the natural economic laws." Joseph de Maistre remarked: "Nature! who is this woman?" Let us leave the study of nature to the natural sciences. In the social sciences let us study the conditions made for us by the past and by the laws of the present, and strive to ascertain how they may be improved for the greatest good of humanity, taking into consideration what man is, his real needs, and his destiny. Mr. Leslie has given an excellent example of the application of his method in a volume devoted to the examination of the agricultural system in Ireland, England and on the Continent. Irish by descent, and long possessed by the gravity of this problem for his country, he has visited every year one country or

another, studying on the spot its rural economy, and particularly the laws regulating the distribution of property, in the hope of discovering the germ of reforms that might have averted the present crisis. Thus, he has several times been the guest of our lamented master Léonce de Lavergne, of whom he has just written an instructive and touching biographical notice. The chapters, in which he describes the origin and results of the agrarian system of England and Ireland, are of an almost tragic interest at the present moment. They lead us deep into the insuperable difficulties of the problem. The question of small or large estates is really at stake. Arthur Young, seeing the land divided up in France, predicted that the country would be deyoured by a superabundant population, like a rabbit warren. The legislation of the revolution was indeed intended to cut up the great domains, so as to parcel them out among a large number of hands. The economists and statesmen of England had almost unanimously adopted Arthur Young's ideas. Noting the marvelous progress they had made with agriculture, they unhesitatingly ascribed it to their large estates; the majority of publicists agreed with them, and condemned the French system of inheritance.

The majorats, entails, the right of the eldest son, in the absence of any will to inherit all real estate, and particularly the numberless difficulties in the sale of lands from a want of publicity, all these causes combined have tended continually to reduce the number of landed proprietors in England. The results of the two systems may already be appreciated: the French system dividing the territory among five million families, and the English system concentrating three-fourths of the soil in the hands of ten thousand privileged persons. In France the population increases so slowly that even the Malthusians are alarmed, prosperity spreads rapidly, misery is disappearing, and even universal suffrage does not dream of making the slightest attack on the most exclusive principles of property.

In England, notwithstanding emigration, the number of inhabitants considerably surpasses the resources of the country in alimentary commodities; pauperism has its permanent army of a million of individuals legally assisted; the exercise of the most essential rights of property gives rise to so formidable an opposition as to result in its suppression, and at every moment Parliament, that would seem bound to be its legitimate guardian, is infringing upon it by measures, which the timorous people of the Continent would not fail to stigmatize by the odious names of confiscation, robbery, or at least of socialism. Are the English or Irish proprietors then harder and more exacting than those of the Continent? It is quite the reverse; they lease their lands much more cheaply, and devote a much larger part of their

income to objects of general interest. How comes it, therefore, that property, which is here respected by all, is there undermined, attacked and encroached upon by those even whose mission it is to defend it? Because in England it is but the privilege of a small number, while in France it is the appanage of a very large majority.

Thornton and Mill* have shown the advantages of small properties considered particularly in their social aspects. Mr. Leslie's merit lies in his having renewed the question, so to speak, in his having quoted facts borrowed from history and from special studies made on the spot. Almost all of the countless essays now appearing on the subject of the Irish agitation proclaim the necessity of multiplying the number of the smaller holders of property there, as has been done in France. Rarely has so complete a change of opinion been seen as that produced in England on this question.

One of the chapters of Mr. Leslie's book of the greatest present interest is that devoted to the examination of the work of Lord Dufferin, late Governor-General of Canada, entitled *Irish Emigration and the Tenure of Land in Ireland.* Lord Dufferin, himself an Irish landowner, has just published a report on the present situation of Ireland, which is indisputably one of the most important documents that has appeared on the subject. In this he fully concedes the advantages of small holdings of property for Ireland. The only point that restrains him is his not knowing how it is possible to establish them. Brilliant in style, a judicious economist, and equipped with the experience of facts observed by him in Canada, Lord Dufferin clearly sets forth all the difficulties presented by the solutions now most in favor. But the best exposition of the historical antecedents of this debate will be found in Mr. Leslie's book, where the two authors vie with one another in spirit and knowledge.

There is another question, to which Mr. Leslie has applied his system of criticism with complete success, the question of the wages fund. This is a point upon which discussion has been very lively among learned specialists, and one which is of the greatest importance in practice. The problem is put in this manner: I reproduce the words used by McCulloch in the first chapter of his *Treatise on the Circumstances which Determine the Rate of Wages:* "Wages depend at any given moment on the amount of the fund or capital appropriated to the payment of wages, compared with the total number of laborers. Let us suppose that the capital appropriated to the payment of wages in a country

* I believe Thornton was the first in England to defend, in a really scientific manner, the system of small properties in his well-known book, *A Plea for Peasant Proprietors.* The first edition appeared in 1848, and the second in 1874. In the happiness of seeing my name associated with that of my master, will it be permitted me to add that it is dedicated to M. de Lavergue and to the writer of these lines? John Stuart Mill, in his *Principles of Political Economy,* has merely adopted Thornton's ideas on this subject, as he himself acknowledges.

amounts to 30,000,000 pounds sterling. If there were two million laborers in this country, it is evident that the wages of each, supposing them all paid alike, would be fifteen pounds sterling, and it is clear also that the rate of these wages can only be increased by reducing the number of the laborers in proportion to the total of the capital or by increasing the capital more than the number of laborers. Every attempt made to bring about an increase of wages, which is not founded on this principle, or which does not tend to ultimately increase the capital in proportion to the population, must necessarily end in a check." If the theory set forth by McCulloch were exact, it would follow that the average rate of wages at any given time could be absolutely determined; neither combinations, strikes, nor the good will of the masters would be able to raise it.

The second point of the orthodox doctrine is the tendency to an equality of wages. Suppose all employments equally easy and healthful; with industrial freedom no considerable difference could be maintained in wages. If any employment were better paid for the time being, a larger number of laborers would take to it, and thus the excess of the supply would lower the remuneration. The permanent differences existing in wages can only be explained by circumstances which render a business more or less difficult or more or less agreeable.

The propositions just explained are simply an application of the law of supply and demand or of competition, which, admitting it to act without obstacles, must end by leveling prices. It is a specimen of the mathematical deductions which have been used to excess by the orthodox economists. This theory of the wages fund was generally adopted, and it is even found in Mill's *Principles*. Mr. Leslie was the first, I believe, to attack it in a vigorous article published in 1868. Thornton's book on *Labor*, to which is frequently ascribed the merit of having first refuted it, did not appear until 1869. Since then Lange, Cairnes, and the American Professor Walker have also strongly disputed it.

The first point to be considered is this: Is there really, at any given time, a fund specially destined for the payment of wages, which cannot be increased in any manner? This general fund must be composed of that portion of his income, which every person employing laborers designs for their remuneration. Now, is this sum absolutely determined? No doubt the income at my disposal is; but if wages are high, I must take more from this income than if they were low, and in this case less will be left for my other expenses. Take an example. The owner of an estate, to cultivate his land, requires two thousand days' labor to be done upon it in a year. If he pays two francs instead of one franc for them, his profits will be diminished by 1000 francs. Labor's

share will be increased and that of rent diminished. Other industries will have the same quantity of orders to be satisfied; only the expenditure for wages will take what was formerly devoted to the expenditure of the proprietor. Let us examine the question still more closely. A lord derives from his domain a gross product equivalent to 20,000 francs. The wages of his agricultural laborers take off 10,000 francs. leaving 10,000 francs net for himself. The lord devotes 5,000 francs and the laborers 3,000 francs, total 8,000 francs, to the suppport of the workmen making the clothes, furniture and manufactured articles of every kind which they consume. Wages rise. The laborers require 13,000 francs of the gross produce, then there remain only 7,000 francs as the net product for the proprietor. The artisans will still receive their 8,000 francs for the articles they manufacture; but, as now, the laborers will pay them 5,000 and the lord 3,000 only, they will work more for the former and less for the latter. The distribution will be made on a different basis. This is not a purely theoretical example. After 1871 the extraordinary rise of industry occasioned a very considerable increase of industrial wages. In their turn the agricultural laborers profited by it to raise their demands. The result was a diminution of the farmers' profits, which was soon made manifest by a fall in rents. The increase of wages had been taken off from the the rent of the land. The gross product had been distributed more advantageously for labor, less so for the soil.

The amount of useful things produced by a nation is what is determined at any given time, but the method of their distribution depends on the laws, customs, agreements and demands of the three consuming parties which are the factors of production, namely, the natural agents, labor and capital. But the partisans of the wages fund insist and say: The same amount will always be expended in wages. If wages rise fewer laborers will be employed, and if, on the contrary, they fall more will be employed. Double the remuneration of a certain class of laborers, they will carry off a larger portion of the total wages fund, whence it follows that other laborers will have to be content with a less remuneration, or will even cease to be employed. It is true that low wages will cause certain labor to be performed that might not otherwise have proved remunerative. Thus in Flanders the land is cultivated by the spade with the minute care of gardening, because the agricultural laborer obtains there only one franc twenty-five sous for his day's work. In the far west of America land is tilled by machinery, almost without any manual labor, because the latter is paid for at the rate of ten francs a day. But it is an error to pretend to give to these facts the exactness of mathematical formulas. The demand for arms will not

increase or diminish in exact proportion to the rise or fall of wages. To be convinced of this it is only necessary to look at what goes on in farming. Certain work must be done, no matter what it costs. If it has to be dearly paid for the farmer's profit will be less. If, on the other hand, laborers can be hired cheaply, he will not increase the amount of his work so as to still expend the same sum. He will keep for himself the greater part of the savings thus made. In the former case the sum coming to the laborers will be larger than in the latter; the surplus will be taken from the profits and from the share of the proprietor.

As Mr. Leslie remarks, the effect has been taken for the cause. The supposed wages fund is nothing but the total of what is actually expended for this object at any given moment, without this total being necessarily determined in advance. It is just as little rational to assert that the income of each one of us depends on the proportion existing between the total income of the nation and the number of inhabitants, as to say that each laborer's wages are exactly fixed by the ratio of the total amount of wages to the number of men receiving wages. These calculated averages of statistics are not without interest, but it is a singular delusion to believe that they effect any solution of the problem of wages.

Mr. Leslie demonstrates also, by arraying a large number of very curious facts, that this equality of remuneration in different employments of the same kind, announced by the disciples of Ricardo, is not at all founded on fact. At the end of the last century, when Adam Smith was writing his work, Arthur Young noted the wages of agricultural laborers in England, and found that the lowest rate was six shillings a week and the highest eight and one-half shillings. Eighty years later, in 1850, Mr. Caird made a similar statement, and found the lowest agricultural wages to be still six shillings. But the maximum had attained sixteen shillings. In Lancashire the rate had risen from six and one-half to fifteen shillings, but in Suffolk it had fallen from about eight to seven shillings, although the price of meat, butter and cheese, and the rent of cottages had much increased. The inequality of wages has therefore increased, instead of disappearing. In Belgium I have myself noted some truly extraordinary differences in agricultural wages, which certainly did not exist of old. Thus, in Flanders, to-day, the laborer earns one franc fifty sous, and in Campine sometimes one franc, while in Hainault and the Province of Liege he receives from two francs to two francs and fifty sous, or more than double, though in localities very near one another. The development of industry in certain regions has produced these contrasts formerly unknown.

The economists of formulas have admitted that labor, like capital, was directed towards the most remunerative employments, in such a manner as to reduce the wages in them, while raising them in occupations not so well paid. Just as gravity everywhere makes water seek its own level, so, they say, under the action of personal interest the remuneration for tasks of the same kind must arrive at equality. This tendency doubtless exists theoretically, and it must act to a certain extent. It is, however, opposed by so many diverse influences that the result is often quite the reverse of that predicted by the "abstract" economists. The laborers engaged in a business do not know what other laborers earn, and even if they knew it would be almost impossible for them to change their occupation. Can shoemakers compete with tailors, or blacksmiths with weavers? An increase of wages in one branch of industry is not enough to call into it workmen engaged in another industry, because they are not fitted for it. There is not, as some imagine, a competition between all laborers, leading to a leveling of wages, but solely between laborers capable of performing the same kind of work. Besides, too, the difference of dialects, local habits, love of home, the difficulty of moving, commonly reduce this competition to the same locality. In fine, the tendency to the leveling of wages can not be denied in the abstract, but in reality it is counterbalanced by so many different circumstances that in almost all countries the difference between the wages of one business and another and of one locality and another has increased. The theory of the wages fund seems therefore to be well grounded neither in principle nor in its applications.

EMILE DE LAVELEYE.

Liége, Belgium.

SPANISH FINANCES.

Once more Señor Camacho has attempted to restore the finances of his country. In 1872 he utterly failed, because the Spanish Cortes was unwilling to accept his recommendations to cut down the expenditures and increase internal taxation. Since then, the material condition of Spain has improved, the Government is more stable, and the desire for putting the finances of the country on a sounder basis has grown stronger. The Spanish finance minister, therefore, has not a hopeless task before him, and though the reforms he seeks to accomplish will arouse a mighty opposition, yet there is a fair prospect, at least, that he will succeed.

The first part of his scheme is likely to be adopted without much opposition. This is to fund a large mass of floating obligations which now press very heavily on the Treas-

ury. These amount to $357,500,000, and consist of the following obligations:

Two-per-cent bonds, redeemable at fifty per centum......	$145,000,000
Treasury bonds and bank bonds.........................	170,000,000
Floating debt..	42,500,000

On this portion of the debt the present annual charge for interest and payment into the sinking fund is nearly $35,000,000. Señor Camacho proposes—the Bank of Spain having agreed to the arrangement—to convert this entire debt into a four-per-cent. stock of the aggregate nominal amount of $360,000,000, to be issued at eighty-five. On this sum the annual charge will be less than $15,000,000, and when the operation is completed a yearly saving of about $20,000,000 in interest and sinking fund will be effected. For the payment of the reduced interest certain revenues are specially hypothecated to the bank. It is believed that the four-per-cent. bonds thus secured will be readily exchanged for the existing obligations.

The $20,000,000 saved in this way must be expended in another. Out of this sum the finance minister is obliged to make an increased payment of a quarter per cent. to the holders of the consolidated debt after the first of January next. The present amount of this debt is as follows:

External three per cents................................	$825,000,000
Internal three per cents................................	635,000,000
Consolidated three per cents............................	270,000,000
	$1,730,000,000

The annual interest charge on this sum is $20,600,000. To this indebtedness must be added $75,000,000 of religious corporation funds, which, however, bear no interest. In 1882–83 the interest will be increased to $28,250,000, and thus about $7,500,000 of the $20,000,000 saved on the redeemable debt will be absorbed.

The remaining $12,500,000 will not cover the gap now existing between the revenue and expenditure. To fill it, Señor Camacho proposes to increase taxation; but this recommendation will be severely opposed. Spain could easily enough sustain a heavier burden of taxation, if it were properly adjusted. At present, it is grievously unjust, but those who are most favored will not willingly consent to pay more, and unhappily they form a large and very powerful class. Five years ago forty-three per cent. of the territorial surface of Spain paid no land tax whatever, and we do not know whether any more land has since been subjected to taxation. Many large estates pay only about one-half the sum they ought into the Treasury. In the levying of taxes also on industry and commerce grave abuses exist, which no ministry has dared to grapple and remove.

Señor Comacho, however, proposes not only to increase

taxation, but to equalize the burden, and to uproot the ancient abuses growing out of the levy and collection of taxes. This task is truly a herculean one, but not impossible of achievement. A new and better spirit is prevailing in the Cortes, and the necessity for financial reform is more generally acknowledged. Spain, at last, is awakening out of her long night of profound stupor, and is cultivating a spirit of National honor, which there is reason for hoping will grow sufficiently strong to redeem her pecuniary obligations. Had the people consented to bear the burden of taxation so well borne by their French neighbors, there never would have been any scaling of the public debts, nor failure to pay interest or principal.

WAR LOANS OF 1812.

Gallatin saw the deepening war-cloud several years before it burst. Like a prudent statesman, he informed Congress what preparation ought to be made for so unwelcome an event. The accumulation of a war-fund and the renewal of the bank charter were suggested. So were additional taxes and loans. The credit of the Government at that time was not impaired either at home or abroad, and he believed "that loans to a reasonable amount might be obtained on reasonable terms." The banks, too, would be likely to loan "a considerable portion of their capital stock," for if war occurred American commerce would shrink and no other avenue would be open for employing their resources. Their capital was supposed to be $40,000,000.

A year afterward Gallatin reiterated his opinion that "loans should be principally relied on in case of war." That opinion, he declared, had been corroborated by every subsequent view which he had taken of the subject, as well as by the present situation of the country. The embargo had brought into the United States and kept there almost all the floating property of the nation. Whilst the depreciated value of domestic products increased the difficulty of raising a considerable revenue by internal taxes, at no former time had there been so much specie and unemployed capital in the country. The high price of public stocks, and, indeed, of all kinds of stocks, the reduction of the public debt, the unimpaired credit of the Government, and the large amount of existing bank stock in the United States, left no doubt of the practicability of obtaining the necessary loans on reasonable terms.

The plan of finance proposed by Gallatin at the outset of the struggle was very simple. It was to raise a revenue

during each year of the war equal to the expense of the peace establishment, including interest on the remainder of the old debt, and also on future loans; and to defray the extraordinary expenses of the war from borrowed money.

The first war loan was authorized in March, 1812, about three months before war was formally declared. The President was authorized to borrow $11,000,000 at six per cent. interest, payable quarterly, and the principal within twelve years from the beginning of the following year. Stock was to be issued for the amount borrowed, and the public revenues were pledged for its payment.

If war must come, surely it was the duty of the Government to make adequate preparation. Yet, the opposition to Gallatin among the members of his own party in Congress was so strong, that they seemed more desirous of crushing him than of preparing the nation for the contest with Great Britain. The day the loan bill was passed he wrote to Nicholson, his father-in-law: "We have not money enough to last till the first of January next, and General Smith [who was the Republican leader in the Senate opposed to Gallatin] is using every endeavor to run us aground by opposing everything, treasury notes, double duties, etc." It may be asked, why did not the President select for Secretary of the Treasury another man, who could secure the co-operation of his party? The answer is, Gallatin had occupied the position twelve years, and there was no other person so well qualified to discharge the duties of the office. To dispense with his services on the eve of war was a step which Madison never for a moment thought of taking. Not until Gallatin's power was nearly gone could the President part with him, and even then with great reluctance. Madison knew his worth, and though fully comprehending the situation, retained him until Gallatin would remain no longer.

Subscriptions were opened to the loan the first and second of May. The banks were invited to subscribe, and so were individuals. The former were permitted either to receive stock or to loan money by special contract. No limit was set to the amount of subscriptions for any place, consequently the loan was kept open only two days, so that the general result might be ascertained, and a reduction, if necessary, be made. During that period $4,190,000 were subscribed by banks, and $1,928,900 by individuals. The last figure was larger than the aggregate of all the loans at six per cent. ever before obtained by the Government from individuals in the United States. Considering the price of stocks and various obstacles which at that time impeded subscriptions, the amount was quite as great as there was any reason for expecting within so short a period. The subscribers were required to pay one-eighth of the sum

subscribed at the time of subscribing, and a similar sum on the fifteenth day of each month until the whole was paid. In case any one failed to pay the later installments, the amount previously paid was forfeited to the Government.

At the time Gallatin reported concerning the loan, he suggested the trial of another financial experiment—the issue of Treasury notes—from which ultimately flowed grave consequences to the country. More than two years before he had declared that these notes, bearing interest, and payable to order, one year after date, might be annually issued to a moderate amount, and be put in circulation, both through the medium of banks and in payment of supplies. They would be absorbed, he said, in paying for public lands and in discharging revenue bonds, and the redemption of the residue could be provided by loans. To issue them in such a way was to anticipate the revenue—a policy which Gallatin on a former occasion had quite severely criticised; but though liable to abuse, he affirmed that if kept within strict bounds, their issue might facilitate both the collection of the revenue and also the loans. He suggested that no more be issued than the balance of the loan not subscribed. He named five and two-fifths per cent. a year as the rate of interest, which was equal to one and one-half a cent. per day on a hundred dollar note; the time for payment one year from the date of issue; and to be receivable in payment of all taxes, duties, or debts to the United States. Receiving the recommendation favorably, Congress authorized the President to issue five millions in the manner suggested by Gallatin. They were transferable by delivery and assignment, and the Commissioners of the Sinking Fund were directed to reimburse them when due. They were also authorized to buy them like other evidences of the public debt at a price not exceeding par for the principal and interest due at the time of the purchase. Thus was launched a new financial experiment, the fruit of which ripened and fell in due season.

When Gallatin communicated his next report to Congress near the close of the year, $7,415,200 of the loan had been subscribed in stock and in temporary loans, bearing six per cent. interest; the following sums—$1,350,000 were reimbursable in 1813; $750,000 in 1814; $50,000 in 1815; and the amount of Treasury notes issued was $3,535,000.

Early the next year he wrote a letter to the Committee of Ways and Means at their request concerning the need of increasing the revenue. One of the inquiries in their communication to him related to the terms on which loans amounting to at least ten millions annually could be obtained. To this question he replied that the terms could be ascertained only by experiment. The Government had never since its organization obtained considerable loans

within the United States at the rate of six per cent. a year except from the Bank of the United States, and these had not exceeded $ 7,000,000. Of course, in proportion to the amount wanted for the service of the year, and to the increase of stock of the public debt in market, must the terms become less favorable. Beside the sum required to defray the extraordinary expenses of the war, an annual loan, equal to the annual reimbursement of the six-per-cent. and deferred stock, prescribed by law, would be wanted. The loan for this sum would not create any addition to the debt, but would, of course, increase the sum needed. Moreover, if the price of stocks sunk below par the Commissioners of the Sinking Fund were bound by the existing laws to apply the residue of the annual appropriation of $ 8,000,000 a year to the purchase of stock. That residue for the year 1812 amounted to $ 3,640,000, which the Secretary of the Treasury would also be required to borrow.

The military events of the year had been most disastrous, and humiliating to the American arms. Preparations for war had been made with singular slowness, an American army was surrounded and captured at Detroit, incompetence was displayed alike in the War Department and in the field, the fame of the navy was saved by the success of two or three frigates which had been built when the Federalists were in power, the construction of which was violently resisted by their political opponents. Jefferson's gun-boats went to pieces, yet, notwithstanding these sickening disasters, Congress continued inactive.

Early in October Gallatin wrote to the President that the Army and Navy estimates would require a loan of $ 21,000,000 for the year 1813, but he thought that such an amount was "unattainable." Little or nothing could be expected from banks, because they had "already lent nearly to the full extent of their faculties." All that could be obtained during the year from individual subscriptions had not exceeded $ 3,200,000.

The expenditures for the army and navy had been made with no economy or efficiency. Gallatin had labored industriously and hopelessly to diminish them. He told Jefferson there were but two practicable ways of doing this. One was to confine them to necessary objects, and the other was to introduce a perfect system and suppress abuses in the necessary branches. "I have no doubt," he adds, "that knowledge and talents would save several millions, and the necessary business be better done."

Following Gallatin's recommendation, Congress authorized a loan of $ 16,000,000, containing several new features. The President was authorized to "sell the whole or any part of the certificates of stock issued for the sums to be bor-

rowed," without any limitation whatever. This authority was, doubtless, conferred by Gallatin's suggestion that, in order to facilitate the loan, it might "be eligible to leave some discretion with the Executive" in respect to the amount of stock to be issued. The Secretary of the Treasury was authorized to employ agents with the approval of the President to obtain subscriptions, to whom one quarter of one per cent. was allowed on the amount sold.

When Gallatin opened this loan the Treasury was nearly exhausted, "so nearly," says Adams, "that on the first of April it was absolutely empty, and must have ceased to meet the requisitions of the War and Navy Departments. The Federalists were in high hope that the loan would fail and Government fall to pieces, and they made the most active efforts to force this result." To tempt subscribers, they were offered an annuity of one dollar for thirteen years for every hundred dollars subscribed, but this bait was not tempting enough to draw more than $3,956,400 into the Treasury. These subscriptions were made the 12th and 13th of March. The experiment was repeated from the 25th to the 31st of the same month and $1,881,800 were subscribed. When the second notification was given, proposals were invited for loaning to the Government the whole or any part of the loan which might remain unsubscribed the first day of April. The Secretary also stated that if the proposals differed all should be placed on the same footing, including those who had previously subscribed. The Government having thus placed itself at the feet of the money lenders, they were willing to propose terms for loaning the money needed; indeed, proposals exceeded by $944,200 the amount which could be received, beside $1,000,000 subscribed too late by the State of Pennsylvania. The terms proposed by the lenders, in most instances, were either that they should receive a six-per-cent. stock, with interest payable quarterly, redeemable at the pleasure of the Government after 1825, at the rate of eighty-eight per cent., or $100 in stock for $88 in money; or that the lenders for every hundred dollars in money should receive $100 in the same species of six-per-cent. stock, and an annuity for thirteen years from the first of January, 1813, of one dollar and a-half payable quarterly. In two proposals, however, was inserted the condition that if a another loan for the service of the year 1813 was made under any other law offering different terms to lenders it might apply to them if they desired. The former proposal was accepted, which was equivalent to a premium of $\$13.63\frac{7}{11}$ for each hundred dollars loaned to the Government. David Parish and Stephen Girard subscribed for half the loan, and John Jacob Astor for $2,056,000.

One reason why no better terms could be obtained was because Congress shrank from providing adequate revenues

to maintain the Government. Internal taxation was absolutely necessary, because the revenues from imports had heavily declined. Yet, manifest as was the need of taking the step, Congress hesitated. Jones, who was now acting as Secretary of the Treasury, Gallatin having been appointed one of the three Commissioners to negotiate peace, very frankly declared that "the terms of the loan would have been more favorable if the taxes had been previously laid."

Besides, the Federal party was opposed to the war, and very generally declined to loan money to the Government. Opposition was strongest in New England, because her interests were so injuriously affected; and at no period did she furnish much pecuniary support.

The nature of Gallatin's contract with Girard and Parish was not publicly known at the time of making it, nor until the Secretary was far away from Washington. When its terms were first made known in the Senate, a furious outcry arose. It could not be shown that Gallatin had exceeded his authority, and surely, if he could have obtained more favorable terms for the Government he would; that he was obliged to accept such hard conditions proved nothing against him, but they were a mournful proof of the pitiable plight of the Government at the very outbreak of its struggle with Great Britain. Gallatin's object in hiding this information from the public eye was to prevent any immediate variation in the price of the stock. When all the facts surrounding the transaction appeared, the propriety of Gallatin's conduct was no longer questioned.

Five millions of Treasury notes were authorized for the year, though the money, thus borrowed or obtained, was to be regarded as a part of the sixteen-million loan. The Secretary was also authorized to appoint agents to sell them, who were to receive a commission of one-quarter of one per cent.

As the expenditures greatly exceeded the estimates of the Secretary, it was seen before six months of the year had passed that another loan must be made. This was fixed at $7,500,000, but the act contained a stipulation that no certificates of the stock should be sold at less than eighty-eight per cent. Proposals were invited, and the offers were slightly better than those of the former loan, averaging $88.25 in money for one hundred dollars in stock, which were equivalent to $13.31⅛ on each hundred dollars loaned to the Government.

ALBERT S. BOLLES.

BANK SPECULATORS.—There is a feeling that as soon as a man becomes a speculator he should without delay be made to sever his connection with other people's money intrusted to a bank.

REDEEMABLE BANK NOTES.

Before exhibiting and commenting upon certain instances which have occurred in the history of this country, of a substantial correspondence in the time of happening between a rise of prices and an increase of bank-note circulation, and between a fall in prices and a diminution of bank-note circulation, it is proper to be said that these instances are referred to, merely to illustrate the subject, and not because the necessary tendency of prices to enlarge with an enlarging volume of money, and to shrink with a shrinking volume of money, can be made any more indisputable by examples. Of all the brilliant phrases of Lord Bolingbroke, none has been more quoted and admired than his saying that history is philosophy teaching by examples. Nevertheless, its brilliancy is its only merit. There is no solid or useful wisdom in it. Political and economical philosophy rest upon a substantial foundation, when they rest upon the power of the human mind to comprehend the essential nature and connection of things. If these maxims are supported only by the examples of history, endless disputes arise as to what really are historical facts, and it rarely turns out that the recorded facts which may seem to overthrow any given maxim are not quite as numerous as those which establish it. While it is true, in respect both to the rules of statesmanship and to the laws which govern the relation between money and prices, that all facts which are fully and exactly known and rightly reasoned upon, must always teach the same lesson, there is a constant danger of being misled by them, if any of the attending and qualifying circumstances are unknown, or overlooked.

The rule that prices depend upon the volume of money, when stated correctly, is always with the qualification, that other things are equal. Or, in other words, the rule is, that if the money in use is of an elastic description, increasing prices have a tendency to absorb more of it and to cause more of it to exist, and also, that an increasing volume of money tends to raise prices. In both cases, however, these tendencies may be temporarily counteracted, in whole or in part, by other conditions. From the nature of the case, it must always take some time for the volume of money and the general range of prices to affect each other, and the length of time so taken varies with circumstances. When other causes, such as the condition of foreign markets or a general buoyancy of the public mind, predispose to an advance of prices, such an advance follows quickly upon new supplies of money. On the contrary, at periods of anxiety, depression and especially of panic, the utmost imme-

diate effect of enlarging the volume of money is to check the fall in prices. In these and other ways it happens, that the enlarging, or diminishing movements of money and prices, are never exactly simultaneous, and may often be separated by such intervals of time as to render it possible to controvert the existence of the relation of cause and effect between them.

The currency discussions in England, which preceded the passage of the Bank Act of 1844, left as a legacy *(luctuosa hæreditas)* to students in such subjects, an enormous mass of books, pamphlets and speeches, in which the main point of debate was the connection, affirmed on one side and denied on the other, between fluctuations in the note issues of British banks and fluctuations in British prices. As a question merely of fact, those who denied such a connection were always able to place their denial upon plausible grounds, from the lack of exact simultaneousness between the increase or decrease of bank notes and the rise and fall of prices, and by maintaining in respect to every movement of prices, that it was wholly the result of other influences than that of a change in the volume of bank notes, as doubtless it always really was in part. The most conspicuous of the writers on that side was Tooke, whose work on prices is still much read and quoted. The admirable vigor of his constitution enabled him to keep up a mischievous activity until an octogenarian age, and he was never at a loss for facts and figures tending to show that every given fluctuation in prices might be accounted for without reference to fluctuations in the bank-note currency. Tooke and the men of his school were beaten at last, not so much by what Bolingbroke called "*examples*," as by the logic of the case, which was invincibly against them from the first. Mankind, so long as they possess the capacity to reason, can never be made to doubt that the value of money must permanently depend upon the play of the forces of demand and supply, and that the demand being assumed to be the same, it will be more valuable when there is less of it, and less valuable when there is more of it.

In the case of England, where no bank notes below five pounds, or twenty-five dollars, are in use, the currency is largely metallic, so that the changes in the volume of bank notes which occurred prior to the Bank Act of 1844, affected the total volume of money, which influences prices, much less than the changes in the volume of bank notes have affected the total volume of money in this country, where such notes constituted, prior to the Civil War, nearly the whole money in circulation.

Lord Overstone *(Thoughts on the separation of the departments of the Bank of England, 1840)* says:

Contraction of circulation acts—first upon the rate of interest,

then upon the price of securities, then upon the market for shares—at a later period upon the tendency to enter into speculation in commodities—and lastly, upon prices generally. These effects may be retarded or accelerated by other circumstances; possibly they may not occur precisely in the manner here stated; but this is something like the order of succession in which the effects of contraction are gradually developed.

The case is similar, when the action is in the opposite direction; that is, when the circulation is increasing.

Interest is first affected; speculation in commodities and prices are the last to be affected.

The order of time in which the consequences of a contraction of the currency develop themselves under ordinary circumstances, is probably such as Lord Overstone states it to be. But if he intended to suggest that there is any such connection between high current rates of interest and low prices of commodities, as there is between high current rates of interest and low prices of interest-bearing bonds and shares, he is quite mistaken. The market value of a security, paying a fixed rate of income, depends directly upon the prevailing rate of interest. Such a security goes up as interest falls, and goes down as interest rises. Between the current rate of interest and the prices of commodities there is no direct and necessary relation. It is true that in the first stages of a contraction of the currency, the two things, a rise in interest and a fall in the prices of commodities, co-exist. But in the last stages of a contraction of the currency, while the prices of commodities will have fallen still lower, interest will not only have lost the rise which it experienced in the first stages of the contraction, but will have reached an extreme and abnormal degree of depression. All experience shows that that this is the final effect of a contraction. It must be so, because a long-continued shrinking of the volume of money discourages productive enterprise by steadily shrinking prices. At the end of such a movement of money, we find co-existing, not low prices of commodities and low prices of securities yielding a fixed income, but low prices of commodities and high prices of such securities.

In fact, one of the causes of the increasing rates of interest at the beginning of a contraction of money, is the effort of the holders of property of all kinds to stave off the necessity of sales, by the use of their credit. As men are apt to believe what they desire, the majority of them suppose in such cases that the markets will soon rally, and that their interest lies, rather in borrowing money to enable them to hold their property, than in accepting the prices currently obtainable for it.

In the Report (1877) of the United States Monetary Commission, pages 37 and 38, the following observations are made:

The mistake is often made, that prices are not controlled by the volume of money, because they have neither risen nor fallen concurrently with, nor in exact proportion to, the increase or decrease of such volume. . . . The entire property interests of a country are united in maintaining, and if possible, in advancing, the price of property, and in resisting to the uttermost any decline. A temporary maintainance of nominal prices, even in the presence of a shrinking volume of money, is especially practicable with imperishable property like real estate. When money begins to become scarce, by reason of a shrinkage in its volume, the first effect upon real estate is found to be, not a decline of its nominal price, but a diminution in the number of transactions. Market reports quote real estate "*dull; few sales, but prices firm.*" . . . Nominal prices are unnaturally held up for a short period by the tenacity of owners who refuse to sell at lower figures.

Among common, popular sayings, in respect to the effects of a contraction of money, one is, that labor is the first thing to fall and the last to rise, and the other is, that real estate is the last thing, either to fall or rise. The observations of the United States Monetary Commission show why it is, that labor yields first, and real estate last, to the depressing influence upon prices of a contraction of money. Real estate, more readily than anything else, can be kept out of the market by resorts to credit. The labor of the persons, too numerous in all countries, who possess nothing but their capacity to work, is forced upon the market by the daily necessity for food, raiment and shelter, with more precipitancy than the most perishable commodity. As to which is the last thing to rise, whether labor or real estate, popular ideas seem to be discordant and contradictory. But it is at any rate plain, that labor cannot be the first thing to rise. An improvement of wages must be preceded by such an improvement of the prices of commodities as will revive productive enterprises and thereby augment the demand for labor.

At the end of the annual special report for the United States Treasury Department for 1863, upon the condition of the State banks, will be found a tabular statement of their circulation, deposits and specie, on, or as near as possible to, the first day of January in each year from 1834 to 1863, both inclusive. The statement illustrates the enormous range of the fluctuations in the volume of a redeemable bank-note currency, which was restrained within no legally fixed aggregate limits, and which was therefore always maintained at the maximum possible to be kept in circulation. This maximum, being determined by the current range of prices and by the conditions and demands of trade, was an increasing amount when prices were rising and business was active, and a diminishing amount when prices were falling and business was depressed. In that way, the bank-note currency increased precisely when an increase was injuri-

ous, and diminished when a diminution was injurious, and thus aggravated and intensified whatever happened to be the fluctuation of prices at any given time.

The Treasury report referred to gives for each year the computed population of the United States, and the *per capita* amount of the aggregate deposits and circulation of the banks, but not the *per capita* amount of the bank circulation by itself, which is, however, the most material of all the circumstances in the case. I have therefore made the calculation of this last amount in the following table, which is in other respects transcribed from the Treasury report:

On or near January 1.	*Circulation.*	*Deposits.*	*Specie.*	*Deposits and circulation per capita.*	*Circulation per capita.*
1834	$94,840,000	$75,667,000	——	$11.83	$6.58
1835	103,692,000	83,081,000	$43,937,000	12.61	7.00
1836	140,301,000	115,104,000	40,019,000	16.77	9.15
1837	149,186,000	127,397,000	37,915,000	17.66	9.52
1838	116,139,000	84,691,000	35,184,000	12.46	7.21
1839	135,171,000	90,240,000	45,132,000	13.59	8.15
1840	107,000,000	75,696,000	33,105,000	10.70	6.26
1841	107,290,000	64,890,000	34,813,000	9.79	6.10
1842	83,734,000	62,408,000	28,440,000	8.07	4.62
1843	58,564,000	56,168,000	33,000,000	6.15	3.14
1844	75,168,000	84,550,000	49,898,000	8.31	3.91
1845	89,608,000	88,021,000	44,241,000	8.96	4.52
1846	105,552,000	96,913,000	42,012,000	9.90	5.11
1847	105,500,000	91,812,000	35,132,000	9.35	5.00
1848	128,506,000	103,227,000	46,300,000	10.65	5.90
1849	114,740,000	91,182,000	43,620,000	9.17	5.11
1850	131,367,000	109,586,000	45,380,000	10.39	5.66
1851	155,165,000	128,957,000	48,670,000	11.87	6.48
1852	——	——	——	13.31	—
1853	146,072,000	145,553,000	47,338,000	13.66	5.71
1854	204,689,000	188,188,000	59,410,000	14.97	7.80
1855	187,000,000	190,400,000	53,944,000	13.95	6.92
1856	195,747,000	212,706,000	59,314,000	14.66	7.03
1857	214,779,000	230,351,000	58,300,000	15.52	7.48
1858	155,208,000	185,932,000	74,412,000	11.56	5.26
1859	193,307,000	259,568,000	104,537,000	14.91	6.37
1860	207,102,000	253,802,000	83,594,000	14.66	6.59
1861	202,005,000	257,229,000	87,674,000	14.13	6.21

For some unexplained reason, the only return for the year 1852, given in the treasury report, is the amount *per capita* of the aggregate deposits and circulation.

In none of the twenty-eight years covered by the above tables was the bank circulation enlarged, either in any important degree or for any considerable length of time, by suspensions of specie payments. The suspension of the New York banks on the tenth of May, 1837, was followed at once by that of all the banks in the country, but as it was the policy of the New York banks to resume within a year, as they in fact did, they proceeded at once to contract their loans and issues rather than to expand them, so that the ordinary consequences of a general bank suspension were not experienced in that instance. There was another suspension, October, 1839, led by Biddle's insolvent United States Bank, then operating under a State charter, which tempo-

rarily involved all the banks in Pennsylvania, and south and west of it, but there was no important resulting expansion of paper circulation, inasmuch as the New York and New England banks adhered to specie redemption. In 1857 there was another suspension, originating in New York, and therefore necessarily general, but it lasted for only a few weeks, and. like the suspension of 1837, was followed rather by a contraction than an expansion of paper issues.

In respect to the above tables of bank circulation from 1834 to 1881, the following observations are submitted to the consideration of the reader:

1. According to the view of most American authorities, there is no difference in real effect upon the volume of currency, between deposits in banks and their note issues; the one being a demand debit against them inscribed upon their books, and the other being a demand debit against them evidenced by their notes, and the deposits being claimed to be as available as currently-accepted moneys as the notes are. This view is, however, most commonly, and ought always to be, presented, subject to the exception of that part, [never inconsiderable] of the deposits in banks, which the depositors are practically restrained from using, whatever their strictly-legal rights may be. The larger part of deposits in banks result from the discounts they make, and as banks have the choice of the customers whose paper they will discount, they naturally discount more freely to those who will agree, either expressly or tacitly, to leave in permanent deposit the greatest proportion of the proceeds of the discounted paper. [See note.] English authorities are not so well agreed as American authorities are in treating bank deposits, actually as well as legally, subject to demand calls, as having the same effect on currency as bank notes. In respect to the points which I now propose to discuss, it is not important to determine what theoretical view upon that subject is the right one. In point of fact, the fluctuations in the *per capita* amount of the aggregate of the deposits and circulation of banks, issuing notes without legal limit, always correspond very closely, although not exactly, with the fluctuations in the *per capita* amount of their circulation. They did so during the twenty-eight years covered by the tables just given. They must commonly do so, from the nature of the case. The greater the abundance

NOTE.—The late Amasa Walker was a practical banker, as well as writer upon financial subjects. He says (*Science of Wealth*, Part 2, Chapter 5):

"The customer may get his own notes, or the notes of others, discounted at the bank, and the amount is passed to his credit; and this last is the origin of the *greater part* of all deposits.

"Permanent, or compulsory deposits, made by business men wishing for bank accommodations, in order to secure larger loans, are not used at all by those who make them. They are made with the tacit understanding that they are to remain in the bank, and not be drawn upon. They are made to secure favors from the bank, and in order to show a 'good account.' Banks are conducted wholly with reference to profit, and the most profitable accounts will secure the most liberal discounts."

of money, the larger the deposits of it in banks must tend to be.

2. During the twenty-eight years from 1834 to 1861, prices of commodities rose or fell as the *per capita* circulation of bank notes was expanded or contracted. When these note expansions and contractions were great and sudden, the fluctuations in the commercial markets had a very wide range, at one time inciting intense speculative activities, and at another time bankrupting or impoverishing everybody engaged in agricultural and industrial enterprises, and everybody, whether engaged in industrial enterprises or not, who became involved in time contracts to pay money. Passing over, for the present, the questions whether these expansions and contractions of the *per capita* volume of bank notes were the cause or the consequence, or in some proportion both the cause and consequence, of a rise and fall of the prices of commodities, it is easy to show that the two things were, as a matter of fact, substantially simultaneous.

The most extreme fluctuation in the *per capita* volume of bank notes during the twenty-eight years was between the expansion known as that of 1835-6, and indicated in the tables given above by the figures of the circulation on the first of January in the years 1836 and 1837, and the contraction which reached its lowest point six and seven years later, and which is indicated by the figures of the circulation on the first of January in the years 1843 and 1844. It is, without doubt, greater than any fluctuation which ever occurred at any period, or in any country, in the volume of bank notes both legally and actually redeemable in coin. The circulation, which in the two years of the greatest expansion averaged $9.34 *per capita*, fell in the two years of the greatest contraction to an average of $3.53 *per capita*. Comparing the single year of the greatest expansion with the single year of the greatest contraction, there was a fall in the circulation *per capita* from $9.52 to $3.14, or slightly more than two-thirds. And it must not be forgotten that at those dates there was very little coin outside of bank vaults, and that this shrinkage of two-thirds in the volume of bank notes indicated very nearly as great a shrinkage in the total volume of money in the country.

In respect to prices in the New York market from 1834 to 1859, they were, with brief and unimportant exceptions, what are called specie prices. Of the two suspensions by the New York banks during that period, the first one, occurring May 10, 1837, lasted only a year, and the banks, as already noticed, commenced at once to contract their discounts, so as to keep their currency close to specie, preparatory to resumption at the end of the year. The suspension of 1857 was an affair of weeks, and attended with no depreciation of currency relatively to the metals.

In the Treasury report of 1863 tables are given of the average wholesale prices in the New York market of ten articles (coffee, leather, molasses, mess pork, cheese, rice, salt, sugar, tobacco, and wool), from 1834 to 1859, both inclusive. In the following table I have given, in connection with the figures of the average prices for each year, the circulation *per capita* on the first day of January of the same year: [See note.]

Year.	*Average of prices.*	*Circulation per capita January 1.*	*Year.*	*Average of prices.*	*Circulation per capita January 1.*
1834..	$19.13¾	$6.58	1847..	$20.82¼	5.00
1835..	22.81¾	7.00	1848..	16.53½	5.90
1836..	29.46½	9.15	1849..	16.45	5.11
1837..	28.40½	9.52	1850..	16.20½	5.66
1838..	28.35¾	7.21	1851..	19.42½	6.48
1839..	22.21¾	8.15	1852..	21.42½	No returns.
1840..	20.73¼	6.26	1853..	22.47¾	5.71
1841..	17.93¾	6.10	1854..	20.84	7.80
1842..	13.80¼	4.62	1855..	22.78¾	6.92
1843..	14.82½	3.14	1856..	25.07½	7.03
1844..	14.65½	3.91	1857..	25.13½	7.48
1845..	18.56⅛	4.52	1858..	21.92	5.26
1846..	16.69	5.11	1859..	22.11½	6.37

The average price of ten articles, as given above from the Treasury Report of 1863, indicates a fall from $28.40½ in 1837 to an average of $14.36 during the three years 1842, 1843 and 1844, and fixes 1842 as the year when the absolutely lowest point ($13.80¼) was reached.

In the New York *Public* of May 18, 1876, there is a statement of the average wholesale prices in New York of certain leading articles, which makes a fall from May 1, 1837, to May 1, 1843, from 126 to 78, or 38.10 per cent. The *Public* of a later date (June 27, 1878) gives figures showing that the same quantities of twenty important articles could have been bought at wholesale in New York for $1,952 on the 1st of May, 1837, and for $1,206 on the 1st of May, 1843, which makes a fall of 38.22 per cent., instead of the fall of about fifty per cent. which is deducible from the figures of the Treasury Report of 1863. The *Public*, which has from time to time enlarged and revised its tables, has always

NOTE.—The averages of prices, as given from the Treasury Report of 1863, are obtained in the way which, until recently, has been most usual with statisticians. The prices of articles, following the units of quantity by which they are commonly sold, as tons, pounds, yards, bushels, etc., are added up for the different years to be compared, and the results are divided by the number of the articles. The effect of that method is to give to each article an equal influence in determining fluctuations in prices, whereas there is a great difference in the aggregate values of the articles produced or dealt in in different countries. It gives an equal influence, for example, to a fluctuation in the price per pound of beeswax, as to a fluctuation in the price per pound of cotton. In 1876, Mr. Grosvenor, an ingenious American financial writer, and for several years past editor of the New York *Public*, introduced the principle of deducing the average of prices, not from the prices of quantities of articles corresponding with the units of measure or weight by which they are commonly sold, but from the prices of quantities "*measurably proportioned*," to quote his own words, "*to the quantities of each produced or purchased annually in this country.*" Mr. Grosvenor's principle has been much commended in Europe and in this country by persons skilled in such matters, and it is regarded as an important contribution towards accuracy in comparing prices at different periods. I shall have occasion to refer often to the New York *Public's* comparisons of prices at different times, which I regard as the best within reach. not merely from the improved principle upon which they are constructed, but from the wide range in the number of articles compared.

found that the lowest depression was in 1843, and not in 1842. [See note.]

In respect to the years subsequent to 1843, the figures based upon the prices of ten articles, already quoted from the Treasury Report of 1863, show a gradual recovery which culminated in 1856 and 1857, and was followed by another depression in 1858. Of this recovery, one of the causes, coming into operation after 1849, was manifestly the new gold from California and Australia, but the recovery was accompanied, at any rate, by a gradual enlargement of the *per capita* circulation of bank notes, which averaged $7.31 during the four years 1854-5-6-7, as compared with an average of $3.56 during the three years 1842-3-4. So also, the depression of prices in 1858 as compared with 1857, which was from $25.13½ to $21.92, according to the figures of the Treasury Report of 1863, was accompanied by a shrinkage of the *per capita* circulation of bank notes from $7.48 to $5.26.

The statement that average prices in New York during 1858 fell, as compared with average prices in 1857, in the proportion of $25.13½ to $21.92, gives an inadequate view of the fall in prices which attended the revulsion of 1857, as there was a large fall during the year 1857. On pages 100 to 102 of the *American Almanac* for 1880, will be found a table showing that the highest and lowest prices of twenty-five articles in the New York market during the year 1857, differ in the proportion of $201.28 to $154.43, which roughly indicates the fall during that year, although doubtless somewhat exaggerating it.

The average wholesale prices, for four successive periods of six years each, of ten other articles in the New York market (corn, anthracite coal, Liverpool coal, salted fish, pig lead, sperm oil, tallow, mess beef, lard and clover seed), taken from the Treasury Report of 1863, in connection with the average *per capita* circulation of the banks on the first day of January during the same four periods, confirm in a general way the conclusions to be drawn from the preceding table in which prices and bank circulation are given for each separate year:

Periods of six years.	*Average prices.*		*Circulation per capita.*
From 1834 to 1839, both inclusive.	$72.51	....	$7.94
From 1840 to 1845, both inclusive.	52.97	....	4.76
From 1846 to 1851, both inclusive.	54.08	....	5.57
From 1852 to 1857, both inclusive.	69.77	....	6.99

OBSERVER.

NOTE.—From the *Public* of May 18, 1876: 1843 was the year of the lowest prices during the past half century.

From the *Public* of January 1, 1880: November 1, 1878, was low-water mark for the last half of the century in respect to prices, as April 1, 1843, was for the first half. The decline which had commenced before the panic, (in May) 1837, culminated early in 1843. Nor were the prices of 1878 at any time so low, on the whole, as those of 1843. The decline at that period was in a less degree checked by active foreign trade, and the prostration of domestic industry was more severe than it has been at any time since.

HISTORY OF BANKS AND BANKING.

The Hon. John Jay Knox, Comptroller of the Currency, delivered during last month a course of three lectures on finance before the students of Johns Hopkins University, Baltimore. In the first lecture, which was given on November 10th, Mr. Knox commenced by defining the character of the business and functions of a bank, and presenting the magnitude and importance of the banking business in this country; after which he announced that his three lectures would consist of a brief review of banking as it has existed in this country since its organization, and would include: first, colonial banking previous to the adoption of the Constitution; second, the subsequent systems of banking authorized by the laws of the United States and of separate States; and third, the National banking system, including some of the characteristics of modern banking. The lecturer then gave a brief sketch of the issue of paper money, first made by the colonies in 1690, and subsequently, and of a project by John Coleman and others of a land bank, which was modeled from a plan proposed and favorably reported by a committee to the House of Commons in England a few years before. A graphic description was given from Macaulay of this project, which was finally defeated by the united force of demonstration and derision, which produced an effect even on the most ignorant rustic of the House. The land-bank project at Boston was not so easily defeated. It was organized in 1740, and among those who favored it was the father of John Adams. Each stockholder gave to the directors a title to landed estates, and received its equivalent in bank bills. Circulating notes equal to $750,000 were issued, and five per cent. of the capital was to be paid annually in the notes issued or articles manufactured. The "manufactures" consisted, among other things, of hemp, cordage, beeswax, tallow, and cordwood. The mortgage securities of these banks were insufficient to realize enough to pay the debts, and twenty-eight years after its organization, and many years after its failure, creditors were still clamoring for their just dues from those few stockholders who were solvent. Other like incidents of colonial banking were given. A brief sketch of the Bank of North America, organized in Philadelphia in 1782, was then given, and among the incidents mentioned was a letter from Alexander Hamilton to Otho H. Williams, Collector of Customs in Baltimore, in the year 1779, instructing him to receive the notes of that bank and of the Bank of New York, which were payable on or before thirty days from date, in payment of duties, as equivalent to gold and silver. It was the moneys received from these two banks, which are still doing a substantial and prosperous business as National banks, that paid the first installment of salary due President Washington and the Senators and Representatives and officers of Congress during the first session under the Constitution, which began at the city of New York, March 4, 1779.

A brief sketch was then given of the Bank of the United States, organized in 1771, and of the efforts made to renew its charter at its expiration in 1811. A bill for its renewal was lost in the Senate by a tie vote, and in the House by a minority of one vote. The war of 1812 was carried on by the issuing of Treasury notes, which

were at a discount, and by the notes of State banks, that were issued in large amounts, bringing on a monetary crisis, which finally revolutionized the opinion of Congress to such an extent that a bill for the renewal of the charter was passed by Congress, which was vetoed by President Madison in January, 1815.

In the second lecture on the evening of November 15th, the lecturer, after sketching the plan and powers of the second Bank of the United States, which went into operation in 1816, gave an interesting description of the bank at the beginning of the administration of General Jackson, with its capital of thirty-five millions, its loans, circulation, and deposits, being in amount about one-fifth of the whole amount held and issued by all the banks in the country at that time. It had its marble palace in Philadelphia and twenty-five branches in the principal cities. Its employees were five hundred in number—all men of standing and influence, and all liberally salaried. Its shareholders resided in every State and in nearly every county of the Union. Its bank notes were received at par everywhere at home, and in London, Paris and other principal monetary centers abroad. Its stock was frequently at a premium of forty per cent., and it received and disbursed all the revenue of the country It was not considered a political or partisan institution, and in the Presidential campaign of 1824 and 1828 it was not so much as mentioned. It was a great surprise, therefore, when General Jackson, nine years before the charter expired, presented to Congress constitutional objections to its recharter. His objections were believed to have originated from partisan motives and a desire that his friends should control the patronage and management of the bank, and a quotation from the speech of Calhoun and from other authors was given in corroboration of this view.

A sketch was given of the bitter party contests, which continued for many years, upon the subject of the removal of the deposits, and subsequently a graphic sketch was presented of the action of Senator Benton, of Missouri, during the proceedings of the Senate in expunging from its records the resolution of censure of General Jackson, which was adopted immediately after the order was given to deposit no more of the public moneys in the Bank of the United States. Following the removal of the deposits the banks expanded their issues and increased their loans beyond all precedent, consequent upon the deposit of public moneys with so many corporations. To the transfer of the public funds to private institutions, in a large measure, was due the inflation of 1835 and 1836 and the crisis of 1837, and the business depression which continued for five years thereafter. The Bank of the United States suspended with other State banks, and having failed in obtaining a new charter from Congress, obtained one from the State of Pennsylvania just previous to the expiration of the former. Colonel Benton, ascribing every circumstance of its enactment to corruption, bribery in the members who passed the act, and an attempt to bribe the people by distributing the bonus among them. The circumstances attending the attempt to obtain a recharter of the bank under the Harrison administration and the veto of President Tyler in 1841 were then described. The passage of the Sub-Treasury Act and its repeal and subsequent passage in 1846 were referred to as the final result of this most bitter and pertinacious political controversy, which continued for eight years, from 1833 to 1841.

A rapid sketch was then given of the Suffolk system in New England and the charter safety fund and free-banking systems in

New York and other similar systems, which were organized in Ohio, Indiana and Illinois and other Southern and Western States. The lecturer closed with a general review of the different State systems in operation at the time of the passage of the National Bank Act in 1863. The grouping of all the leading events connected with banking in the United States from 1816 to 1863—a period of forty-seven years—required great condensation, but the subject was presented in a clear and concise manner, and held the attention of the audience closely for more than an hour.

At the opening of the concluding lecture a brief sketch was given of the passage in 1694 of the bill establishing the Bank of England. The bill purported only to impose a new duty on tonnage for the benefit of such persons as should advance money for carrying on the French war. In order to induce capitalists to advance the money promptly, on terms so favorable to the public as eight per cent., the subscribers were to be incorporated under the name of the Governor and Company of the Bank of England. The bill was bitterly opposed. Some discontented Tories predicted ruin to the monarchy; the Whigs, on the other hand, predicted ruin to their liberties. They said: "The whole wealth of the Nation will be in the hands of the tonnage bank,"—such was the nick-name then in use—"and the tonnage bank will be in the hands of the sovereign." In the House of Lords it was suspected that the plan of a National bank had been devised for the purpose of exalting the moneyed interest at the expense of the landed interest. The whole scheme, it was asserted, was intended to enrich usurers at the expense of the nobility and gentry. The answer to all objections was, that it was absolutely necessary to find some new method of defraying the charges of the war with France. The bill was passed, and the whole amount of its capital (1,200,000 pounds) was paid into the exchequer before the first installment was due. The organization of the Bank of England, therefore, grew out of the necessities of the Government.

Each of the banks of the United States, as we have seen, were authorized to receive three-fourths of its capital in the public funds, and one-fifth of the capital was subscribed by the Government, payable in its bonds. At the time of the organization of each of these banks the Government was in need of money. So also when the proposition was first made for the establishment of the National banking system, the Government was engaged in a great war, and it is not probable that any such system, overthrowing as it did so many other systems, organized under the authority of sovereign States, would have been authorized by Congress under other circumstances. A magazine writer in Philadelphia, in 1815, first proposed that the public funds should serve, in the absence of specie, as the basis of the paper currency, and a plan similar to the present system was proposed by Albert Gallatin in 1831. In 1844 notes of the value of fourteen millions pounds sterling were authorized to be issued by the Bank of England on Government securities, additional issues to vary with the amount of coin or bullion on deposit. The free-banking system of New York was authorized six years previous to this latter date, and was the first system which required securities to be deposited for bank issues. The National banking system was proposed in 1861, and encountered earnest opposition. Secretary Chase said, in a letter to a friend about that date, the majority of both the House and Senate Finance Committees was incredulous or hostile.

Senator Collamar, of Vermont, and Senator Harris, of New York, made earnest speeches in opposition to the bill. Three senators only from the Middle States voted in its favor, and some of the most eminent of the Republicans from the New England and Middle States in the House, who are now members of the Senate, voted against it.

In 1861 the number of the State banks had increased to 1601, with a nominal capital of 429 millions, and more than 10,000 different kinds of notes were in circulation, issued by the authority of thirty-four different States, under more than forty different statutes. The right to issue circulating notes had obtained a firm foothold, and nothing but a great war could have brought about a revolution in this respect; but circumstances favored the substitution of the new issues in place of the old, seventy-six millions of the issue of the Western and Southern banks having become discredited.

Charters of the State banks of Ohio and Indiana and of other banks were about to expire, so that fully one-half of the bank issues of the country were either discredited or depended upon legislation for a continuance.

The effect of the passage of the National Bank Act was to create a demand for the six-per-cent. bonds, which soon advanced from a discount of seven per cent. to a premium in the market. In 1865 there were more than 1275 millions of temporary obligations of the Government outstanding, 830 millions of which were bearing interest at 7.30 per cent. The banks soon thereafter held 440 millions of United States bonds, and the system was of immense service in funding the floating debt.

It is frequently stated that the National banking system is only an extension of the New York free-banking system, but no such statement would be made by any one who was familiar with both banking laws. The New York law required the bank note to be secured, but its notes were redeemed at a discount at any one of three places. It required publication of statements, and made stockholders personally liable. These were all of its principal restrictions, but the National Bank Act, while it gives the right to issue circulating notes, also contains other and numerous and burdensome restrictions, many of which were enumerated by the lecturer. Similar restrictions had been previously frequently proposed by different State legislatures, but it was impossible for the legislatures of forty different States to unite upon any judicious system of banking. This could only be accomplished by one homogeneous system under the authority of Congress, which recognizes no State lines, but whose legislation includes corporations in all the States and Territories.

The organization of banks without capital was one of the great abuses of previous bank systems. The Bank Act carefully guards against such an abuse. The ratio of capital to liabilities of 3417 banks in the United Kingdom in 1878, including the Bank of England, was sixteen per cent., and the ratio of capital and surplus to liabilities was twenty-three per cent., while the corresponding ratios of the National banks were forty and fifty-four per cent.; the ratios of the latter banks being in each instance more than double those of Great Britain. The National system differs from most other systems in imposing an individual liability upon the shareholders. The Supreme Court has held in effect that the limit of the shareholder's liability is the par value of his stock, but that

the insolvency of one stockholder does not in any way affect the liability of another.

The National banking system is the only one that has ever required par redemption of the circulating note, both at the counter of the bank and at one common centre.

Under the head of the convertibility of the circulating note, the lecturer gave a brief history of the introduction and first use of bank notes and bills of exchange, after which he gave the result of returns just received from all of the National banks—2132 in number, showing the amount of coin, paper money and checks and drafts received on September 17th last, and the proportion of each. The percentage of checks and drafts in New York City was 98.8 per cent., and of coin and currency only a little more than one per cent. The proportion of checks used by all of the banks in the United States was ninety-four per cent., and coin and currency six per cent. These returns show, among other things, how absurd is the theory that has been so often advanced that the amount of money needed in any country should be in proportion to its population.

Reference was made to publicity as being one of the leading characteristics of modern banking, and it was stated that the frequent publication of details upon this and other economic subjects had improved and amplified the methods of instruction upon these subjects in the larger schools and universities. The lecturer also referred to the frequent failures of State banks and private banks in comparison with the losses which have arisen in the National banking system, and also compared the expense of receiverships under previous systems and the present, under the head of duties of directors and examiners.

He referred also directly at some length to the recent failure of the Mechanics' National Bank of Newark, and stated that while additional legislation may be required, no legislation and no occasional visits of an Examiner could prevent the downfall of a bank, if subordinates, who were robbers and forgers, were allowed to have possession and control of its assets; that there might be need of amendments to existing laws, but that there was not so much necessity for additional legislation as there was for increased diligence and sagacity on the part of those who were in charge of great trusts. He closed with a general summary of the advantages of the system, and stated that the rapid reduction of the interest upon the public debt had reduced the profit upon circulation to a minimum; that the National banking system need not be dissolved on account of the reduction of the public debt; that the system could remain in existence with but a small issue of circulation, and with less than 100 millions of bonds on deposit, and that of itself was an answer to the chief objection of the opponents of the system, viz., that the banks received too much profit upon circulation, for it followed that with the rapid decrease of the public debt, that there would be also a rapid decrease of the aggregate profit on circulation, unless Congress should authorize some other form of security to be used in place of United States bonds.

The lectures of Comptroller Knox were largely attended, not only by students but also by many of the leading bankers and business men of the city.

CURRENT EVENTS AND COMMENTS.

AREA OF UNITED STATES.

A bulletin just issued from the Census Office is devoted to the subject of the areas of the United States, the several States and Territories and their counties. Many serious errors in former tables are corrected. Some of the estimates of the areas of several States heretofore in use have differed from one another by thousands of square miles. According to the summary in the present document the gross area of the United States, exclusive of Alaska, which cannot be measured with any approach to accuracy, is 3,025,600 square miles, of which 17,200 are coast waters—such as bays, sounds, and gulfs—14,500 rivers and smaller streams, and 23,900 lakes and ponds. This makes the total water surface 55,600 square miles, and the total land surface 2,970,000. The six largest States, named in their order, are Texas, California, Colorado, Nevada, Oregon, and Kansas. The six smallest States, beginning with the least, are Rhode Island, Delaware, Connecticut, New Jersey, Massachusetts and New Hampshire.

IMMIGRATION.

The United States is now drawing men, women and children from the Old World at the rate of 700,000 souls per annum, or more than 1800 persons for every day in the year. Five years of such an inflow would give us a population larger than that of the entire Union at the close of our war for independence. The character of the newcomers, their intelligence and their financial condition continually improve. Germany continues to send us the greater portion, and they generally arrive with full purses. The Irish who come —or most of them—also have money. And the rush from Canada is surprisingly large—8710 persons from that Dominion arriving in New York last month.

DECLINE OF THE FISHERIES.

There is said to be a steady falling off in the catch of fish around the shores of Newfoundland, a decline which is not casual, and as such liable to cease, but gradual, steady, continuous, and due to permanent causes. The fish are subject to greater disturbance from their pursuers than formerly, and naturally leave the shores of the island for safer spawning places. If this decline goes on in future as in the past, the islanders will find it necessary to do something else than fish for a living. The same remark is true in respect to menhaden, 86,000,000 of which were rendered into oil on the Long Island coast last season. It may be safely affirmed that the effects of such a slaughter of comparatively worthless fishes will soon be seen in a failure of other more important fisheries along the coast. It is a similar kind of shortsighted "enterprise" that is allowed to destroy our forests. After a while, when the fisheries and forests have both been destroyed, the Government will be called upon to expend millions of dollars to correct the mischief done in the interest of a few individuals.

LOUISIANA.

According to semi-official figures, compiled for the New Orleans *Picayune*, the sugar crop of the year ending September 1, 1881, was the largest raised in Louisiana since the war. The total pounds of sugar are given at 272,982,899, and gallons of molasses, 15,255,030.

ITALIAN TAX ON COTTON-SEED OIL.

It is a well-known fact that a large portion of the cotton-seed oil which is exported from this country is used in the adulteration of olive oil, and that a large portion of the liquid which is imported under the name of "olive oil" is merely the product of our own American cotton seed coming back to us again. The French were the first and largest users of cotton-seed oil as an adulterant of olive oil; but the Italians subsequently adopted the same practice, and with a view to putting an end to the adulteration the Italian Government has recently imposed a tax of nearly three dollars per quintal on cotton-seed oil, whether imported or of home manufacture. This prohibitory tax has driven the Italian trade in cotton-seed oil out of existence for the present, and it will be interesting to note what effect it will have upon the exports of seed and oil from the United States.

EFFECT OF A RECIPROCITY TREATY.

It was thought when the treaty with the Sandwich Islands went into operation that it would benefit the people of the Pacific Coast, but four years of its workings have demonstrated that the treaty is an injury to them rather than an advantage. Respecting the gross value of the Hawaiian sugar crop of 80,000,000 lbs. last year at five cents per pound, equal to $4,000,000, it is shown that the Government has lost by it $2,500,000 in revenues, for the reason that the latter sum has been taken from the consumers and divided among a few persons who are engaged in the sugar business in the cities of San Francisco and New York.

As the Hawaiian crop is equal to 40,000,000 pounds of refined, it is claimed that the people of the Pacific Coast are made to pay the trifle of $800,000 per annum more for the sugar they consume than the same quantity of dutiable sugar can be bought for in New York, Boston, or Philadelphia.

HEAVY EMBEZZLEMENTS.

The New York *Times* states that, between July, 1873, and December 31, 1877, both inclusive, the names of more than three hundred firms in this country were published as embezzlers or defaulters, in sums over $5000, while doubtless scores more escaped publicity. In many cases the thefts amounted to hundreds of thousands; in one or two to millions. They were not humble, uneducated men, who did these things. To read the antecedents of most of those who figure in this black list might well make those persons despair who have supposed education to be the great preventive of crime. Let us take haphazard, a few cases: Charles T. Carlton, Secretary Union Trust Company, New York, $400,000 (dead); Charles H. Phelps, Cashier State Treasury Department, Albany, $300,000; J. Duncan, Bank President, San Francisco, $750,000; Stephen Wardwell, Cashier Commercial National Bank, Providence, R. I., $20,000; David Gage, City Treasurer, Chicago, Ill., $500,000; Theodore Wick, Treasurer, Ohio, $90,000; Water Commissioner, Pittsburgh, Penna., $500,000; Henry Nicoll, Chairman Executive Committee of the Bar Association, New York, $200,000; Abraham Jackson, lawyer and President, Boston, Mass., $300,000; John B. Morton, Philadelphia, $1,000,000; E. J. Winslow, Boston, Mass., $600,000; G. Van Hollern, City Collector, Chicago, $130,000; John C. Tracy, Bank President, Hartford, Conn., falsification of accounts to extent of $600,000; Hildreth & Tighe, lawyers and agents, New York, over $100,000.

VALUE OF HUMAN INDUSTRY.

The average product of human industry is now set down at $100 per head per annum. In Great Britain, for the year 1880, the average product was about $290; for Europe it was $115, and for the United States about $200. Within the last decade there has been a rise of twelve per cent. in the average industrial production.

PRODUCTIVE CAPACITY OF AMERICAN AND ENGLISH MILLS.

A Chinese officer has spent some weeks in collecting evidence of the superiority of American fabrics, and texile and other machinery. He visited Newburyport, Mass., where several wealthy mill owners have, during the past year, experimented with English machines and methods at an expense of $500,000. It has there been clearly demonstrated, so the report goes, that America is twenty-five per cent. ahead of English competitors in productive capacity of the mills and in relative cost of manufacture. A large mill was equipped throughout with English machinery, and was placed in charge of competent English managers, with the result referred to.

TEXAS PECAN CROP.

The Texas *Land and Railway Journal*, published at Austin, says: "Heretofore the pecan crop, as a source of revenue, has attracted but little attention. No care whatever has been taken of the trees; in fact, in many localities trees fifty to one hundred years old have been cut down solely to obtain the nuts. Before the civil war the exports from the port of Indianola alone were reported at $100,000; now it is estimated that the amount annually gathered exceeds $2,000,000 in value. With proper care of the trees and systematic gathering of the crop, it is believed that $10,000,000 could be realized annually. Millions of bushels are lost every year by falling on the ground and rotting, or devoured by hogs, squirrels, turkeys, and other birds. Except in inclosed pastures, no claim is made by the owners of the land to the fruitage of the trees. Mexicans and negroes, and in some districts white children, are the pecan gatherers.

WOOL-GROWING IN GREAT BRITAIN AND IRELAND.

A serious decrease has lately taken place in sheep husbandry in Great Britain and Ireland. The largest number of sheep ever maintained in the United Kingdom was in 1868, when the total was 35,607,812 head, against 27,840,737 to-day. The decrease has been 6,203,214, or twenty per cent. in Great Britain, and 1,463,861 or thirty-two per cent. in Ireland. The following table gives the aggregate of the two countries this year as compared with several previous years:

	Great Britain.	*Ireland.*	*Total.*
1868	30,785,368	4,822,444	35,607,812
1875	29,237,921	4,254,027	32,491,948
1879	28,220,055	4,017,903	32,237,958
1880	26,677,157	3,562,463	30,239,620
1881	24,582,154	3,258,583	27,840,737

This decrease has been due partly to the neglect which fabrics made from English wool have experienced, and partly to disease during the past two years.

RAILROADS IN CHINA.

China at last favors the introduction of railroads and telegraphs. Agencies such as these prove more potential than the force of arms. Improvements of this character are represented to be progressing satisfactorily. The latest advance step is the action of the China Merchants' Steam Navigation Company, whose steamers are trading with San Francisco. This company, doubtless with the approval of the Government, called for and immediately secured a subscription of 1,000,000 taels for a tramway, on which to transport coils from the Kaiping mines to the seaboard. China is supposed to be strongly influenced by her more progressive neighbors in Japan.

SLATER'S COTTON MILL.

The little mill of Samuel Slater, who, ninety years ago, came to Pawtucket, R. I., from England, and set up the first successful cotton-yarn spinning machine in this country, still stands in the rear of Mill Street, in that city, and the hum of cotton machinery can still be heard within its walls. To-day the number of spindles running in the United States can be counted by millions.

WHEAT TRADE OF BOMBAY.

After gold and wool, the wheat trade of Bombay has become the most important trade enjoyed by that Indian Province. Within six years the wheat acreage in India has been nearly trebled, and now, as compared with last year, shows an increase of 221,000 acres. From Bombay alone last year was exported 195,000 tons, which represent 300,000 steamer tons, or enough to load one hundred and fifty steamers of 2,000 tons each. It appears, however, from the returns that the yield has not been this year such as was expected. It does not stand in due proportion to the increased acreage. Last year the average per acre was 13.29 bushels, this year it is 9.84, or the lowest in several years, except 1879, when the harvest was unusually bad. The total falling off in yield is believed to be 265,000 bushels.

THE "HARMONISTS."

At Economy, Penn., the home of that once large and active community, the "Harmonists," founded by Father Rapp, about one hundred old men and women still linger, most of them on the brink of the grave. The business affairs of the society have always been well managed, and its accumulated wealth is now enormous, in the neighborhood of $10,000,000, it is said. To a recent visitor's inquiry as to the final disposition of this vast property an old white-haired man replied that he did not doubt the State of Pennsylvania would gladly settle the society's affairs and take the assets for its trouble.

LEATHER WHEELS.

A process of making toothed wheels of leather in place of metal has been patented in Germany. The material used is raw, untanned buffalo hides, from which the hair and flesh are completely removed. As many layers of the hide as are necessary to make the required breadth of wheel, are glued together, the cementing being effected under very heavy pressure, as on a hydraulic press. From the sheets thus prepared the teeth are cut out by saw and chisel. The advantages claimed for the leather wheels are a much quicker and more elastic run, great durability, and an absence of all need of lubrication.

THE LAW OF BANK CHECKS.

UNITED STATES CIRCUIT COURT, WESTERN DISTRICT OF MISSOURI, MAY TERM, 1881.

First National Bank of Cincinnati et al. v. *Kersey Coates et al.—In Equity.*

1. Bank Check.—An order drawn at Kansas City, Missouri, on a bank in New York City, to pay money to H. C. or order on demand without days of grace, is a bank check.

2. Same—Equitable Assignment of Part of Drawer's Fund on Deposit.—Where the depositor of a fund in a bank draws his check for a part of that fund, which is presented in due time, this is an appropriation, and an equitable assignment of so much of the fund as is called for by the check, although no action at law could be maintained upon it.

3. Same—Same—Assignment for Benefit of Creditors.—Where a debtor, having a large fund in bank, drew his checks in favor of certain creditors, and thereafter, before said checks were presented, made a general assignment of all his property for the benefit of his creditors, under a State insolvent law: *Held*, that the checkholders who presented their checks and demanded payment, while the fund remained in the hands of the bank, were entitled to payment as against the assignee. The checks amounted to an appropriation of so much of the fund on which they were drawn, and, to that extent, it did not pass to the assignee.

4. Presentation of Claim to Assignee—Election of Remedy.—The presentation by the checkholders of their claims to the assignee, and his allowance of them, and their receipt of dividends under the assignment, was not the election by them of a remedy which prevents a recovery in this case.—*Colorado Law Reporter.*

The Mastin Bank was a banking corporation at Kansas City, Mo., and at various dates between the 27th day of July and and the 2d day of August, 1878, made and delivered to the complainants in these cases its drafts or checks on the Metropolitan National Bank of New York.

These instruments were in the following form, differing from each other only in dates, name of payee, and amount:

"$ 1,979.50. STATE OF MISSOURI. No. 196219.

"THE MASTIN BANK,
KANSAS CITY, MO., Aug. 2, 1878.

"Pay to the order of H. Colville, Cashier, nineteen hundred and seventy-nine dollars and fifty cents."

"D. O. SMART, *V. Pres't.*

"To Metropolitan National Bank, New York."

On the 3d day of August, 1878, the Mastin Bank made an assignment to the defendant Coates of all its property and effects, for the equal benefit of all its creditors, in conformity to the laws of the State of Missouri, relative to voluntary assignments.

On the morning of August 5, before business hours, the Metropolitan National Bank was notified of the assignment by a telegram from the assignee. At the time of receiving this notice, the last-named bank had in its hands on deposit, to the credit of the Mastin Bank, about $57,000. It had for many years been the New York correspondent of the Kansas City Bank. After the receipt of this notice, it paid no drafts drawn by the Mastin Bank. Those on which these actions were based were presented for payment on the 5th, 6th and 7th days of August; payment of them was refused, and they were protested.

In September, 1878, the funds so on deposit in the Metropolitan Bank, were by it turned over to the defendant Coates as assignee. The assignment law of Missouri provides that all claims against the assignor shall be presented to the assignee for allowance on days to be fixed by him. At that time the complainants presented their drafts, which were allowed by the assignee as general claims against the estate, to be paid *pro rata*. The complainants

made no objection to the allowance in that manner, but afterwards accepted two dividends from the assignee, declared by him on all claims alike for five and twelve per cent. respectively. Subsequently these bills were filed, to have a trust declared in favor of the complainants, upon the funds so turned over to the assignee, and for payment in full of their drafts out of such funds.

There were about $80,000 of unpaid outstanding drafts drawn on the Metropolitan Bank, and actions similar to these, involving in all about $22,000 only, had been brought at the time of this hearing.

For the assignee, it was insisted that the moneys received by him from the New York bank belonged to the general funds of the estate, and that the complainants must come in as general creditors; and further, that the presentatation of their claims to the assignee, his allowance of them as general demands, and their acceptance from him of dividends on such allowances, constituted an election on their part to be treated as general creditors, and that such election was a complete bar to the relief sought by these bills.

MILLER, Circuit Justice (orally).

My first impression was, that the paper which is called indifferently a draft, a bill and a check, and on which these actions are founded, was in the nature of a bill of exchange, and not in the nature of a bank check; but the authorities presented have satisfied me that I was wrong. Even an inland bill of exchange, payable on demand, without days of grace, is a check of one bank on another, and, whatever may have been my original opinion, the authorities have settled that, and I must hold it to be a bank check.

I think the authorities have also settled—perhaps not with unanimity, but with such weight as to guide us here—that a bank check is drawn directly against money in the hands of the bank, which belongs to the drawer of the check as depositor. Not that any particular money is his, but that he has funds in the bank, against which he draws that check. If he has no funds, his check amounts to nothing. It is therefore an order to pay the holder so much out of my money in your hands. These authorities say that it is an appropriation of that much of the fund. The nature of the transaction is this: I have so much money in the bank; to be sure, it is the bank's money, but it is a fund deposited to my credit. I draw a check in favor of A B for one hundred dollars; that is a direction to the bank to pay A B one hundred dollars out of that fund, and the books call that an appropriation of that much of it.

The question is, whether this is an appropriation in equity of that much of that fund in favor of the payee, or a mere obligation of the drawer. It is said it is not the former, because the payee or holder of the check cannot bring suit against the bank for the money, and, therefore, it is not an equitable assignment of that much of the fund. But that argument is founded on a misconception or want of proper understanding of the doctrine of equitable assignments. The very word "equitable assignment" is used because the assignment is only recognized in a court of equity, and not in a court of law. If it were recognized in a court of law, it could be enforced there, and we would never have heard of any such word as "equitable assignment." Therefore, it is an assignment of that much of the debt which a court of equity will recognize and a court of law will not. The reasons for this are obvious. One reason, as stated in the argument here, was, that there was no privity between the payee of the check and the bank on which it was drawn. And that is true. At law there is no such privity. Another reason is, that a man may owe another several thousand dollars, which is due, or to become due, and the creditor may draw in various sums and at various times for that money, which, between the parties, is intended as an appropriation of that much of the fund. But the drawee, or the man who holds the fund, says, "I don't want to be annoyed with all these drafts. I owe the drawer $5,000, due the 1st of November, and I will make the payment, once for all, to him. I will not be troubled with twenty or thirty creditors, instead of one." In law that is his right; but a court of equity looks at it differently. It says, here is a fund that originally belonged to A, but there are claims against it of B, C, D, E and F, of which the debtor has notice, and they can have these amounts of

money appropriated to them. That is the difference between the powers of a court of law and a court of equity, and that is why these are called equitable assignments. Courts of equity say they are a lien upon that fund, which they will enforce.

The fund has been transferred to Mr. Coates, and he is now the holder of it, and the court can get hold of Mr. Coates, and he holds subject to this liability. This fund, having been appropriated by these checks, duly presented, did not pass by the assignment; the fund on which they were drawn, to that extent, did not pass by the assignment, as the general property of the bank, into the hands of Coates, the assignee, but, when he got it, he held it subject to the lien established on it, by the drafts of which he had notice, with demand of payment. The result of that is, that these drafts are, each of them, an appropriation of that much of the fund, and the complainants are entitled to recover their face, less the amounts which they have received in dividends from the assignee.

Nor was their presentation to the assignee, and his allowance of them, and the receipt by the complainants of the dividends, the election by them of a remedy which prevents a recovery here. The remedies are not inconsistent.

There is no evidence that the assignee will ever be called upon to account for an excess of the fund. He can at any time file his bill, requiring everybody to come in with their claims for amounts unpaid.

In the case of the Reno County Bank, a question is raised, whether the fact that the amount of the draft was placed to the credit of that bank on the books of the Mastin Bank did not change the relations of the parties into that of ordinary debtor and creditor. But as the transmission of the draft in favor of the Reno County Bank was accompanied by the direction of that bank to transfer the amount to its corresponding bank in New York, and as the Mastin Bank attempted to do this by its draft on the Metropolitan Bank, I am of opinion that this latter draft, or check, was an appropriation of that much of the fund of the Mastin Bank as in case of other drafts or checks.

Decrees must be rendered for complainants in each case.

LEGAL MISCELLANY.

SURETYSHIP—CONTINUING GUARANTY.—Defendant below signed a guaranty reading thus: "In consideration that D & Co. will and do sell to Mrs. O. S. C. upon credit, bills of goods from time to time as she may order, I, the undersigned, do hereby guaranty to the said D & Co. prompt payment of all such bills at their maturity, the same being four months from the date of purchase or order, hereby waiving any and all notice of times or amounts of sales, or of defaults or delays in payment therefor, the amount guaranteed not to exceed the sum of $200." *Held*, that this was a continuing guaranty, was not exhausted when Mrs. O. S. C. had purchased $200 worth of goods, but defendant was liable to the extent of $200 though the debt might be for purchases made thereafter. The cases is not unlike *Nason* v. *Pritchard*, 12 East, 227, in which the guaranty was "for any goods he hath or may supply my brother W. P. with, to the amount of $100," and in which "all the Court were of opinion with the plaintiff that this was a continuing or standing guaranty to the amount of $100, which might at any time become due for goods supplied until the credit was recalled." The cases of *Hargreave* v. *Smee*, King 241; *Douglas* v. *Reynolds*, 7 Pet. 113; *Bent* v. *Hartshorn*, 1 Met. 24; *Hatch* v. *Hobbs*, 12 Gray, 447; *Mellindy* v. *Capen*, 120 Mass. 222; *Gates* v. *McKee*, 13 N. Y. 232; *Rindge* v. *Judson*, 24 id. 64, and *Grant* v. *Ridsdale*, 2 Har. & J. 186, support the same view, and some of them in their facts bear close resemblance to this. If the guaranty had evidently contemplated a single transaction, it would have been different. *Anderson* v. *Blakely*, 2 N. & S. 237; *Boyer* v. *Eward*, 1 Rice (S. C.) 126; *Hotchkiss* v. *Barnes*, 34 Conn. 27; *Congdon* v. *Read*, 7 R. I. 576; *Strong* v. *Lyon*, 63 N. Y. 172; *Boston, etc., Co.* v. *Moore*, 119 Mass. 435; *Reed* v. *Fish*, 59 Me. 358. *Crittenden* v. *Fiske*. Opinion by COOLEY, J. [Decided April 27, 1881.]

REPORT OF THE COMPTROLLER OF THE CURRENCY.

We regret not having the space to present in full to our readers the able and interesting report of Comptroller Knox, through whose courtsey advanced sheets have been received.

In addition to the usual tables upon State and National taxation and the dividends and earnings and losses of the banks, the report contains an elaborate chapter upon the Substitutes for Money—giving all the tables that have been compiled abroad, showing the receipts of the banks and the proportion of coin and bank notes and checks and drafts; besides giving complete returns of a similar character from a large portion of the National banks on June 30th, and from *all* the National banks on Sept. 17.

The report also gives the number, capital, and deposits of National banks, State banks, and savings banks, and the resources and liabilities of the latter two classes of institutions as derived from reports of State officers. It further gives, for the first time, a chapter upon the subject of private bankers, showing the number of such bankers in the principal cities and other portions of the country and by geographical divisions, together with their capital, deposits, and amounts invested in United States bonds. It also contains a chapter upon the loans and reserves of the banks, showing the ratio of their loans to their capital, surplus, and deposits, and the reduction of the cash reserves during the past year not only in the large cities, but also in the country districts.

Such is a brief summary of this valuable document; we now proceed to give copious extracts, which are well worthy of careful perusal.

Eighty-six National banks have been organized since November 1, 1880, with an aggregate authorized capital of $9,651,050, to which $5,233,580 in circulating notes have been issued. This is the greatest number of banks organized in any year since 1872. Twenty-six banks with an aggregate capital of $2,020,000, and circulation of $1,245,530, have voluntarily discontinued business during the year. National banks are located in every State of the Union except Mississippi, and in every Territory except Arizona; and the total number in operation on October 1 last was 2,132. This is the greatest number of banks that has ever been in operation at any one time. The total number of National banks organized from the establishment of the National banking system, February 25, 1863, to November 1 of the present year is 2,581. The following table exhibits, in the order of their capital, the sixteen States having an amount of capital in excess of five millions of dollars, together with the amount of circulation, loans, and discounts, and individual deposits of each on October 1, 1881:

States.	*Capital.*	*Circulation.*	*Loans and discounts.*	*Individual deposits.*
Massachusetts	$96,177,500	$71,267,089	$205,248,480	$125,198,324
New York	85,780,160	47,946,726	330,257,556	372,853,780
Pennsylvania	56,518,340	42,429,247	138,869,386	138,046,152
Ohio	29,389,000	21,468,480	66,518,608	60,960,674
Connecticut	25,539,630	17,966,332	43,475,312	25,761,231
Rhode Island	20,065,000	14,718,956	28,496,882	11,317,338
Illinois	15,199,600	8,165,189	61,555,705	72,972,402
Maryland	13,603,030	8,605,433	30,205,683	26,117,350
Indiana	13,093,500	8,767,700	24,899,023	22,206,436
New Jersey	12,960,000	10,386,784	29,233,480	28,250,618
Kentucky	10,435,100	8,885,111	17,774,891	9,145,739
Maine	10,385,000	8,211,247	17,305,908	9,325,083
Michigan	9,435,600	5,614,979	24,329,000	23,127,184
Vermont	8,151,000	6,442,899	10,899,272	5,191,352
Iowa	5,950,000	4,414,103	13,456,065	15,770,134
New Hampshire	5,830,000	5,158,159	7,518,017	4,292,687

The report also contains new tables showing the amount of coin and paper currency held by the Treasury and the banks on Nov. 1, 1881, and the amount in the hands of the people; also the amount of United States bonds held by National banks, State banks, and private bankers, showing that the banks and bankers of the country hold more than two-fifths of the interest-bearing funded debt of the United States.

In all 340 banks have gone into voluntary liquidation to November 1, by the vote of shareholders owning two-thirds of their respective capitals, and eighty-six have been placed in the hands of receivers for the purpose of closing up their affairs. The total amount of claims proved by the creditors of these insolvent banks is $25,966,602, and the dividends paid to creditors $18,561,698. The estimated losses to creditors from the failures of National banks, during the eighteen years since the passage of the act, is $6,240,000, and the average annual loss has therefore been about $346,000, in the business of corporations having an average capital of about 450 millions, and deposits averaging about 800 millions. Twenty-one of these insolvent banks have paid their creditors in full, and forty have paid more than seventy-five per cent. each. The individual liabilities of shareholders of insolvent banks has been enforced in fifty-three instances, and about $2,700,000 has been collected from this source. During the past year dividends have been declared in favor of the creditors of insolvent National banks amounting to $929,059, and the affairs of twelve of such banks have been finally closed, nine of which have paid their creditors in full.

There have been no failures of National banks during the period from June 19, 1880, to November 1. Since that date the Mechanics' National Bank of Newark, and the Pacific National Bank of Boston, to which reference will be made hereafter, have been placed in the hands of receivers.

The following table shows the increase of loans, deposits, circulation, capital, surplus, the amount of United States bonds on hand, and the movement of money at corresponding dates for three years, in the National banks of the New England and Middle States, and in those of the Western and North-western States, including Kentucky and Missouri:

NEW ENGLAND AND MIDDLE STATES.

	Oct. 1, 1881.	*Oct.* 1, 1880.	*Oct.* 2, 1879.
Loans and discounts	$843,092,901	$773,916,399	$654,037,648
United States bonds on hand	27,373,650	21,076,400	41,983,650
Capital	335,009,700	333,363,300	331,646,030
Surplus	96,046,995	90,827,648	86,749,498
Net deposits	749,303,734	689,694,705	548,757,240
Circulation	233,132,972	229,826,416	227,824,388
Specie	82,209,124	89,074,603	32,977,600
Legal tenders and United States certificates	33,828,596	36,485,314	66,097,350

WESTERN AND NORTH-WESTERN STATES.

	Oct. 1, 1881.	*Oct.* 1, 1880.	*Oct.* 2, 1879.
Loans and discounts	$263,529,251	$211,913,841	$178,806,938
United States bonds on hand	11,502,450	6,576,150	9,551,100
Capital	99,194,000	95,172,500	93,808,150
Surplus	25,625,891	24,135,511	23,013,604
Net deposits	293,791,358	226,747,525	178,321,680
Circulation	66,138,910	66,738,803	66,259,624
Specie	23,894,903	15,056,025	6,213,564
Legal tenders and United States certificates	21,022,769	23,338,504	24,377,412

EXTENSION OF THE CORPORATE EXISTENCE OF NATIONAL BANKS.

Section 11 of the National Act of February 25, 1863, provided that:

"Every association formed pursuant to the provisions of this act may make and use a common seal, and shall have succession by the name designated in its articles of association and for the period limited therein, not, however, exceeding twenty years from the passage of this act.'

Section 8 of the Act of June 3, 1864, provides that each association:

"Shall have power to adopt a corporate seal, and shall have succession by the name designated in its organization certificate, for the period of twenty years from its organization, unless sooner dissolved according to the provisions of its articles of association, or by the act of its shareholders owning two-thirds of its stock, or unless the franchise shall be forfeited by a violation of this act."

The Act last named, as well as that which preceded it, contains the following provisions:

"Copies of such (organization) certificate, duly certified by the Comptroller and authenticated by his seal of office, shall be legal and sufficient evidence in all courts and places within the United States, or the jurisdiction of the Government thereof, of the existence of such association, and of every other matter or thing which could be proved by the production of the original certificate."

Section 5136, Revised Statutes, provides that:

"Upon duly making and filing articles of association and an organization certificate the association shall become, as from the date of the execution of its organization certificate, a body corporate, and as such and in the name designated in the organization certificate, it shall have power, first, to adopt and use a corporate seal; second, to have succession for the period of twenty years from its organization, unless it is sooner dissolved, according to the provisions of its articles of association, or by the act of its shareholders owning two-thirds of its stock, or unless its franchise becomes forfeited by some violation of law."

From these sections it appears that the period of existence of an association as a body corporate commences from the date of its organization certificate, and not from that of the certificate of the Comptroller authorizing the association to commence business, provided for in section 5169 of the Revised Statutes. The corporate existence of the first bank under this limitation of law will expire on January 1, 1882, and that of the second bank on April 11th following.

From the date last named to February 25, 1883, the number of banks whose corporate existence will terminate is 393, having a capital of ninety-one millions and circulation of sixty-seven millions as follows:

Date.	*No. of banks.*	*Capital.*	*Circulation.*
In May	11	$3,900,000	$1,781,500
In June	16	4,205,000	3,452,500
In July	24	4,385,000	3,591,500
In August	10	1,205,000	863,000
In September	11	3,532,500	1,577,500
In October	5	550,000	494,100
In November	5	850,000	770,000
In December	5	570,000	505,000
1883.			
In January	9	1,250,000	1,080,000
On February 25	297	71,538,450	53,740,810
Total	393	$91,985,950	$67,855,910

RESTRICTIONS ON THE NATIONAL BANKS.

If the National bank act has conferred upon the associations organized thereunder the right to issue circulating notes, it has placed them all under the operation of a uniform system, and has also surrounded them with numerous restrictions, among which are the following:

The capital stock must be fully paid in, and a portion of this capital stock, not less than $50,000 in any one case, must be invested in United States bonds and deposited with the Treasurer. If the capital stock of an association becomes impaired at any time it must be promptly restored. Their circulating notes must be redeemed at par, not only at the place of issue, but at the Treasury of the United States.

The banks must lend on personal security only, and not upon real estate, and only ten per cent. of their capital may be loaned upon accommodation

notes or other than business paper to any one person, company, firm, or corporation. They cannot lend money on their own circulating notes, or shares of their own stock, and must take the notes of every other National bank in payment of debts due to them. The rate of interest charged must not be greater than the rate provided by the laws of the several States in which they are located. They must pay taxes or duties to the Government upon their capital stock, deposits, and circulation, and to the States they must pay such other taxes as are imposed on other moneyed capital. They are required to keep on hand as a reserve, in coin or other lawful money, a certain proportion of their deposits. There must be no preference of creditors in cases of insolvency.

Shareholders are held individually responsible for all contracts, debts, and engagements of the association to the extent of the par value of their stock, in addition to the amount invested in such shares.

The banks are required, before the declaration of any dividend, semi-annually, to increase their surplus fund by an amount equal to one-tenth of their net earnings for the preceding six months, until it shall equal twenty per cent. of their capital.

Losses and bad debts must be charged to profit and loss account before dividends are paid. In other words, dividends must be earned before they are declared.

Full statements, accompanied by schedules, of their resources and liabilities, in detail, must be made to the Comptroller several times in each year, and must also be published at the expense of the association making the same. Other statements, showing their semi-annual profits, losses and dividends, must also be returned, and statements in reference to the business of any association may be required at any time, a penalty of $100 per day being prescribed for each day's delay to comply with the call therefor.

The banks are subject to examinations, and if a bank becomes insolvent a receiver may be at once appointed.

If the directors knowingly violate, or permit to be violated, any of the provisions of the act, all the rights and privileges of the bank are thereby forfeited, and the directors are held personally and individually responsible for all damages sustained by any person in consequence of such violation.

RENEWAL OF NATIONAL BANK ACT.

It is recommended that an act be passed during the present session authorizing any National bank, with the approval of the Comptroller, at any time within two years prior to the date of the expiration of its corporate existence, to extend its period of succession for twenty years by amending its articles of association. The bill may provide that such amendments shall be authorized by the votes of shareholders owning two-thirds of the capital of the association, the amendment to be certified to the Comptroller of the Currency by the president or cashier, verified by the seal of the association, and not to be valid until the Comptroller's approval thereof shall have been obtained, and he shall have given to the association a certificate authorizing it to continue its business. Responsibility for the extension of the corporate existence of the banks will thus, in a measure, rest with the Comptroller, and he can require such an examination of its affairs to be made, prior to granting the extension, as may seem to him proper, in order to ascertain if the capital stock is intact, and all the assets of the bank in a satisfactory condition.

As another consequence of the abolition of the present system, the large surplus which the National banks have now accumulated, amounting to $128,140,618, and which adds greatly to their strength and safety, would doubtless be divided among their shareholders, while many of the safeguards and restrictions of the present law, which experience has shown to be valuable, will either be abolished or so changed by the varying legislation of the several States as to be practically of little value in comparison with the present homogeneous system.

If, on the other hand, the corporate existence of the National banks shall be extended, all the advantages of the existing system will be preserved, subject to such

amendments as may be hereafter found necessary, while the circulation of the banks, which is the principal objection urged against the system, will, under existing laws, diminish in volume as the public debt is reduced.

The whole number of National banks in operation on Oct. 1 last was 2148. Of this number 393 were associations having a capital of $ 50,000 each; 164 have a capital of over $ 50,000 and less than $ 100,000, and the capital of 829 banks ranges from $ 100,000 to $ 150,000 each. The minimum amount of bonds required to be deposited by banks of the capital named is one-third of their capital, but not less in any case than $ 30,000. The minimum amount required by all other banks is $ 50,000, and the least amount of bonds which, under existing laws, may be deposited by the 2148 banks now in operation is about $ 82,400,000. It is probable that from 100 to 150 millions of United States bonds would be sufficient to supply the minimum amount to be deposited with the Treasurer by all banks which will be established during the next twenty years. It is therefore evident that the National banking system may be continued without change in this respect for many years, even if the bonded debt of the United States shall during that time continue to be reduced as rapidly as it has in the past year. The discussion of the question as to the kind of circulating notes, which will be substituted for the National-bank notes, if the latter are retired, is postponed for the present, as it is impossible to foresee the events which may occur to affect the question during the next few years.

If, for any reason, the legislation herein proposed shall not be favorably considered by Congress, the banks can still, under the present laws, renew their existence if they so desire, and in the absence of prohibitory legislation many of them undoubtedly will, on the expiration of their present charters, organize new associations, with nearly the same stockholders as before, and will then apply for and obtain from the Comptroller certificates authorizing them to continue business for twenty years from the respective dates of their new organization certificates. Such a course of procedure would be perfectly legal, and, indeed, under the existing laws the Comptroller has no discretionary power in the matter, but must necessarily sanction the organization, or reorganization, of such associations as shall have conformed in all respects to the legal requirements.

The passage, however, of a general act, directly authorizing an extension of the corporate existence of associations whose charters are about to expire, would, in many instances, relieve the banks from embarrassment. As the law now stands, if the shareholders of an association are all agreed, and the bank is in sound condition, the process of reorganization is simple; but if any of the shareholders object to such reorganization, they are entitled to a complete liquidation of the bank's affairs, and to a *pro rata* distribution of all its assets, including its surplus fund. In many instances executors and administrators of estates hold National-bank stock in trust, and while they might prefer to retain their interests in the associations which issued the stock they would have no authority to subscribe for stock in the new organizations. While, therefore, the legislation asked for is not absolutely essential, yet its passage at an early day would be a great convenience to many of the National banks, and especially so to the class last referred to.

The number of National banks organized under the act of June 3, 1864, the term of whose corporate existence will cease during each year prior to 1891, is as follows:

Years.	*No. of banks.*	*Capital.*	*Circulation.*
1884	248	$ 80,034,390	$ 62,740,950
1885	728	186,161,775	119,266,745
1886	19	2,560,300	1,780,000
1887	6	1,100,000	976,500
1888	10	950,000	692,100
1889	4	650,000	567,000
1890	65	9,415,500	6,557,790
	1,080	$ 280,871,965	$ 192,581,085

Bills will undoubtedly be brought before Congress during its present session for the extension of the charters of those banks whose corporate existence is about to expire.

The principal reason urged in favor of the discontinuance of the system is that money can be saved by authorizing the government to furnish circulation to the country; in other words, that the profit to the banks upon their circulation is excessive. Sixteen years ago the banks had on deposit as security for circulation 276 millions of dollars in United States bonds, of which amount nearly 200 millions was in six per cents. and 76 millions in five per cents. The banks now hold 32 millions of four and a half per cents.; 92 millions of four per cents.; 241 millions of three and a half per cents., converted from five and six per cents; and also 3½ millions of Pacific railroad sixes The remaining five-per-cent. bonds, amounting in all to $758,900, have ceased to bear interest. The average premium borne by the four-per-cent. bonds during the last six months has been about sixteen per cent. and at this price they do not net to the holders three and a half per cent. interest. During the last six months, also, the three and a half per cents. have for a considerable portion of the time been worth a premium in the market of from one to two per cent., so that the banks do not at the present time, and it is probable that they will not upon the average during the next twenty years, receive as much as three and a half per cent. interest annually upon the United States bonds held as security for their circulating notes. Until the year 1877, the banks continued to receive interest upon the par value of their bonds at the rate of either five or six per cent., while the net interest now received, as has been seen, does not exceed three and one-half per cent. On ten per cent. of the amount of bonds thus deposited by the banks, amounting to 39 millions, they receive no circulation, and from this portion of their bond deposit they derive no special benefit or advantage more than any other class of bondholders. They pay a tax of one per cent. upon their circulating notes outstanding, and keep on deposit with the Treasurer an amount of lawful money equal to five per cent. of their issues as a permanent redemption fund, and also reimburse to the United States the expense of redeeming their notes at the Treasury. The actual net profit upon circulation based upon different classes of bonds, and with rates of interest on bank loans varying from five to ten per cent., is given in the following table:

	5 *per cent.*	6 *per cent.*	7 *per cent.*	8 *per cent.*	9 *per cent.*	10 *per cent.*
Four-per-cent. bonds at sixteen per cent. premium	1.49	1.19	.88	.58	.27	.03
Three-and-a-half-per-cent. bonds at par	1.74	1.59	1.43	1.28	1.12	.96

RETIREMENT OF NATIONAL-BANK NOTES AND WITHDRAWAL OF BONDS.

The only legislation in reference to the National banks during the last session of Congress was contained in Section 5 of "the Funding Act of 1881," which was as follows:

SECTION 5. From and after the first day of July, eighteen hundred and eighty-one, the three-per-centum bonds authorized by the first section of this act shall be the only bonds receivable as security for National-bank circulation, or as security for the safe keeping and prompt payment of the public money deposited with such banks; but when any such bonds deposited for the purposes aforesaid shall be designated for purchase or redemption by the Secretary of the Treasury, the banking association depositing the same shall have the right to substitute other issues of the bonds of the United States in lieu thereof: *Provided*, That no bond upon which interest has ceased shall be accepted or shall be continued on deposit as security for circulation or for the safe keeping of the public money; and in case bonds so deposited shall not be withdrawn, as provided by law, within thirty days after interest has ceased thereon, the banking association depositing the same shall be subject to the liabilities and proceedings on the part of the Comptroller provided for in Section 5234 of the Revised Statutes of the United States: *And provided further*, That section four of the act of June twentieth, eighteen hundred and seventy-four, entitled "An Act fixing the amount of United States notes, providing for a redistribution of the National-bank currency, and for other purposes," be, and the same is hereby, repealed; and Sections 5159 and 5160 of the Revised Statutes of the United States be, and the same are hereby, re-enacted.

This Act was vetoed by the President.

The number of National banks, which deposited legal-tender notes for the purpose of obtaining possession of their bonds, in anticipation of the passage of this bill, was 141. These banks were located in twenty-four States, and the amount of legal-tender notes deposited by them was $18,764,434, as follows:

No. of banks.	States and Cities.	Amount.	No. of banks.	States and Cities.	Amount.
6	Philadelphia	$2,590,800	9	New York City	$2,843,849
14	Pennsylvania	2,083,100	23	New York	1,934,600
4	Boston	1,034,300	5	New Jersey	837,000
2	Massachusetts	81,000	10	Indiana	1,080,000
10	Connecticut	1,675,400	3	Missouri	164,745
1	Montana	36,000	1	Virginia	45,000
1	District of Columbia	72,000	19	Ohio	1,402,630
2	Rhode Island	385,200	3	Minnesota	135,000
2	Nebraska	171,900	1	Kentucky	310,900
2	Kansas	81,000	1	Michigan	27,000
10	Illinois	845,900	4	Iowa	100,460
2	Maine	135,000	3	Vermont	463,500
1	North Carolina	135,000	1	Wisconsin	21,150
1	Maryland	72,000			
	Totals		141		$18,764,434

Only about one-third of the bonds which were released were subsequently redeposited, and for some months thereafter the total amount of bonds redeposited by the 141 banks which reduced their circulation was less than seven millions. The Third National Bank of New York, which withdrew $840,000 of bonds, soon thereafter disposed of the same to the Government, and has not since made any deposit whatever. The same statement may be made in reference to eight other large banks, which withdrew bonds amounting to over two millions of dollars, and also to many other smaller banks—thus showing that they withdrew their bonds because they desired to have control of them, and not for the purpose of arbitrarily reducing circulation.

Since the adjournment of Congress, only $2,394,545 of legal-tender notes have been deposited for the purpose of retiring circulation, under the Act of June 20, 1874, and these notes have been redeemed without any expense whatever to the Government of the United States—the cost thereof having been paid from the five-per-cent. redemption fund. The bonds now held are chiefly three and a half and four per cents., there being 241 millions of the former and ninety-two millions of the latter. The relative value of these bonds in the market, and the amount of interest they produce, is nearly the same, and there is but little disposition to deposit legal-tender notes for the purpose of withdrawing them. Some banks have occasion to withdraw their four per cents. for the purpose of realizing the large premium of sixteen per cent. which they now bear, as this premium can be used for the purpose of liquidating any losses which may occur in their business. The three-and-a-half-per-cent. bonds are being frequently called by the Secretary, and the banks may therefore have occasion to withdraw them after interest has ceased, and it is important that they should have this privilege, as now provided by law.

There is no evidence whatever that banks have at any time entered into any combination to deposit legal-tender notes and withdraw bonds for the purpose of deranging the money market. If, however, Congress shall consider it advisable to prevent by legislation large deposits of coin or other lawful money in the Treasury for this purpose, then Section 41 of the Act of June 20, 1874, may be so amended as to require the banks desiring to withdraw bonds to give, say, thirty days' notice of their intention before completing the transaction.

The amount of loans of the National banks in New York City on October 1, 1881, was 246 millions, and ninety-seven millions of this amount were in loans payable on demand, and the total amount of loans of all the banks was 1169 millions, of which 196 millions were demand loans. It is probable that the proportion of demand loans held by the State banks is fully as great. Any proceeding which would tend to bring on a panic, or derange the money

market in New York, would first of all affect the value of the stocks and bonds held by the banks as securities for these loans. It would be directly against the interest of the banks to pursue such a course, and it is a new principle in banking to assume that banking institutions will so conduct their business as to depress the value of securities which they themselves hold. If the banks, however, either National or State, or private bankers, should at any time desire to derange the market, they can do so, independent of any legislation in Congress, by calling in their demand loans. Such a course would be much more simple and easy of accomplishment than the depositing of legal-tender notes in the Treasury, and would be much more effective.

CONDITION OF BANKS.

The following table exhibits the resources and liabilities of the National banks at the close of business on the 1st day of October, 1881, the returns from New York City, from Boston, Philadelphia, and Baltimore, from the other reserve cities, and from the remaining banks of the country, being tabnlated separately :

	New York City. 48 banks.	*Boston, Philadelphia, and Baltimore. 102 banks.*	*Other reserve cities.* 87 banks.*	*Country banks. 1895 banks.*	*Aggregate. 2132 banks.*
RESOURCES.	$	$	$	$	$
Loans and discounts	246,757,659	211,814,653	134,406,498	576,043,493	1,169.022.303
Overdrafts	143.733	55,507	386,397	4,188,143	4,773,780
Bonds for circulation	22,991,500	57,290,800	27,847,100	255,206,100	363,335,500
Bonds for deposits	820,000	625,000	3,848,000	10,247,000	15,540,000
U. S. bonds on hand	7,854,050	2,518,050	6,302,000	24,298.350	40,972,450
Other stocks and bonds	13,413,567	7,386,271	4,614,456	36,482,409	61,896,703
Due from reserve agents	——	20,866,093	19,767,054	92,335,036	132,968,183
Due from other Nat'l banks	19,917,055	14,143,191	10,479,467	33,965,733	78,505,446
Due from other b'ks & bankers	3,278,155	1,496,097	3,775,495	10,757,140	19,306,827
Real estate, furniture, &c.	10,760,838	6,739,161	4,593,197	25,235,915	47,329,111
Current expenses	1,089,101	792,083	844,553	4 006,199	6,731,936
Premiums	1,061,797	247,164	360,495	2,469,130	4,138,586
Checks and other cash items	2,513,144	1,337,655	1,048,504	9,886,723	14,786,026
Exchanges for clearing house	146,597,213	27,198,422	14,592,607	879,867	189,268,109
Bills of other National banks	1,580,588	1,802,778	2,019,871	12,329,475	17,732,712
Fractional currency	37,964	40,426	54,971	240,585	373,946
Specie	51,524,768	17,584,343	17,256,624	27,969,001	114,334,736
Legal-tender notes	8,983,371	6,934,070	10,767,998	26,473,002	53,158,441
U. S. certificates of deposit	1,915,000	2,150,000	2,055,000	620,000	6.740,000
Five-per-cent. redemp. fund	1,016,807	2,543,414	1,194,348	11,361,183	16,115,752
Due from U. S. Treasurer	395,180	218,485	136,165	607,014	1,356,844
Totals	542,651,490	383,783,603	266,350,800	1,165,601,498	2,358,387,391
LIABILITIES.					
Capital stock	51,150,000	79,398,330	40,401,500	292,872,155	463,821,985
Surplus fund	19,947,316	21,954,102	12,208,793	74,030,407	128,140,618
Undivided profits	12,832,315	6,287,274	5,779,776	31,472,826	56,372,191
Nat'l-bank notes outstanding	20,112,590	50,632.029	23,513,195	225,942,155	320,199,969
State-bank notes outstanding	47,472	35,614	——	161,932	245,018
Dividends unpaid	246,228	1,356,702	172,542	2,060,455	3,835,927
Individual deposits	295,692,013	163,432,337	120,094,419	491,778,762	1,070,997,531
U. S. deposits	437,422	366,243	2,262,560	5,410,465	8,476,690
Deposits of United States disbursing officers	89,934	107,140	844,813	2,589,916	3,631,803
Due to National banks	104,089,161	45,523,222	34,048,738	22,201,825	205,862,946
Due other banks and bankers	38,007,039	13,926,472	24,885,452	12,228,508	89,047,471
Notes and bills rediscounted	——	——	364,393	2,726,772	3,091,165
Bills payable	——	764,138	1,774,619	2,125,320	4,664,077
Totals	542,651,490	383,783,603	266,350,800	1,165,601,498	2,358,387,391

* The reserve cities, in addition to New York, Boston, Philadelphia, and Baltimore, are Albany, Pittsburgh, Washington, New Orleans, Louisville, Cincinnati, Cleveland, Chicago, Detroit, Milwaukee, St. Louis, and San Francisco.

COMPARATIVE STATEMENTS OF THE NATIONAL BANKS FOR ELEVEN YEARS.

The following table exhibits the resources and liabilities of the National banks for eleven years, at nearly corresponding dates from 1871 to 1881, inclusive:

	Oct. 2, 1871. 1767 banks.	*Oct. 3, 1872. 1919 banks.*	*Sept. 12, 1873. 1976 banks.*	*Oct. 2, 1874. 2004 banks.*	*Oct. 1, 1875. 2087 banks.*	*Oct. 2, 1876. 2089 banks.*	*Oct. 1, 1877. 2080 banks.*	*Oct. 1, 1878. 2053 banks.*	*Oct. 2, 1879. 2048 banks.*	*Oct. 1, 1880. 2090 banks.*	*Oct. 1, 1881. 2132 banks.*
RESOURCES.	*Mlns.*	*Mlns.*	*Mlns.*	*Mlns.*	*Mlns.*	*Mlns.*	*Mlns.*	*Mlns.*	*Mlns.*	*Mlns.*	*Mlns.*
Loans	831.6	877.2	944.2	954.4	984.7	931.3	891.9	834.0	878.5	1,041.0	1,073.8
Bonds for circ	364.5	382.0	388.3	383.3	370.3	337.2	336 8	347.6	357.3	357.8	363.3
Other U. S. bonds	45.8	27.6	23.6	28.0	28.1	47.8	45.0	94.7	71.2	43.6	56.5
Stocks, bonds, &c.	24.5	23.5	23.7	27.8	33.5	34.4	34.5	36.9	39.7	48.9	61.9
Due from banks	143.2	128.2	149.5	134.8	144.7	146.9	129 9	138 9	167 3	213 5	230,8
Real estate	30.1	32.3	34.7	38.1	42.4	43.1	45.2	46.7	47.8	48 0	47.3
Specie	13.2	10.2	19.9	21.2	8.1	21.4	22 7	30.7	42.2	109.3	114.3
Legal tenders	107.0	102.1	92.4	80.0	76.5	84.2	66.9	64.4	69.2	56.6	53.2
Nat'l-bank notes	14.3	15.8	16.1	18.5	18.5	15.9	15.6	16.9	16.7	18.2	17.7
C. H. exchange	115.2	125.0	100.3	109.7	87.9	100.0	74.5	82 4	113.0	121.1	189.3
U. S. certificates	—	6.7	20.6	42.8	48.8	29.2	33.4	32 7	26 8	7.7	6.7
Due from Treas	—	—	—	20.3	19.6	16.7	16.0	16.5	17.0	17.1	17.5
Other resources	41.2	25.2	17.3	18.3	19.1	19.1	28.7	24.9	22.1	23.0	25.1
Totals	1,730.6	1,755.8	1,83c.6	1,877.2	1,882.2	1,827.2	1,741.1	1,767.3	1,868.8	2,105.8	2.358.4
LIABILITIES.											
Capital stock	458.3	479.6	491.0	493.8	504.8	499 8	479.5	466.2	454.1	457 6	463 8
Surplus fund	101.1	110.3	120.3	129.0	134.4	132.2	122.8	116 9	114.8	120.5	128.1
Undivided profits	42 0	46.6	54.5	51.5	53.0	46.4	44.5	44.9	41.3	46.1	56.4
Circulation	317.4	335.1	340.3	334.2	319.1	292.2	291 9	301.9	313.8	317.3	320.2
Due to depositors	631.4	628.9	640.0	683.8	679.4	666.2	630.4	668.4	736.9	887.9	1,083.1
Due to banks	171.9	143.8	173.0	175.8	179.7	179.8	161.6	165.1	201.2	267.9	294.9
Other liabilities	8.5	11.5	11.5	9.1	11.8	10.6	10 4	7.9	6.7	8.5	11.9
Totals	1,730.6	1,755.8	1,830,6	1,877.2	1,882.2	1,827.2	1,741.1	1,767.3	1,868.8	2,105.8	2.358 4

THE RECENT BANK FAILURES.

The Mechanics' National Bank of Newark closed the last day of October, and the cashier, Oscar L. Baldwin, was arrested by the United States Marshal on an affidavit of a director, who charged him with confessing to the Board that he had fraudulently misused over two millions of its funds, and that the bank was thereby ruined. The cashier had possessed the unlimited confidence of the President and Directors, who were among the most prominent capitalists of Newark, and the chief management had been left to him. The President, Joseph A. Halsey, a retired capitalist, had been confined at home for a long time, through infirmities of age, and was unable to visit the bank. Among the liabilities, $2,417,000 were individual deposits. subject to check. The cashier, fearing a visit from a National Examiner, called the Directors together, the day before, Sunday, and confessed to them the condition of the bank, and that the liabilities were so great that further attempts to carry on business would be useless. The Directors then offered to subscribe $500,000 to put the bank in condition for business, but the cashier responded that $2,000,000 would not do it, and that all that was left of the resources of the bank was its building, which is worth about $50,000 The Directors then decided to suspend business at once. The bank's last statement issued in October, showed liabilities as follows:

Capital stock	$500,000 00
Surplus	400,000 00
National bank notes	445,000 00
Dividends unpaid	3,962 00
Deposits	2,417,215 96
Certified checks	63,407 00
Cashier's checks	7,366 00
Due other National banks	134,542 00
Due State banks	70,912 00

Baldwin says that about the year 1873 he began to make loans to C. Nugent & Co., morocco manufacturers, without security and without the sanction of the Directors. Having begun, he was in the power of Nugent & Co, and continued the accommodations, sometimes loaning them $50,000 in one month, until the total was increased to a ruinous amount. Nugent assured him that he had a large property and capital in his business, which would make all loans good. Nugent was well aware that Baldwin was using the bank's money, and always promised to surrender his property in case of any trouble. Under these circumstances the loan increased till it reached over two millions of dollars. The manner in which the business was transacted was this: Nugent would give drafts on friends in New York, which would be credited to him as cash, and Baldwin would use the bank's money to take up the drafts when due. The books were so falsified as to show the accounts to be correct. Finally, however, the losses were placed in the account of the Mechanics' Bank in New York—the agent of the Newark bank—so that while it appeared that the Newark bank had a claim for two millions against the New York bank, in truth, the Newark bank owes the New York bank $200,000. This difference was almost wholly due to the irregular transactions with Nugent. Baldwin says that he has speculated but very little and has lost nothing in that way. The transactions of Nugent & Co. with the bank, for 1881, were as follows:

October, they drew $223,000 and deposited $143,000. In September they drew $141,000 and deposited $75,000. August, drew $165,000, deposited $95,000. July, drew $127,000, deposited $113,000. June, drew $110,000, deposited $107,000. May, drew $152,000, deposited $100,000. April, drew $158,000, deposited $111,000. March, drew $128,000, deposited $107,000. February, drew $158,000. deposited $77,000. January, drew $143,000 deposited $62,000. The total amount of the drafts for this year was $1,506,000 and deposits about $1,000,000. Baldwin received one per cent. commission from Nugent for negotiating his paper and taking charge of his banking business.

The firm of Nugent & Co. is composed of Christopher Nugent and James Nugent, and they are the largest morocco manufacturing firm in the country. Their liabilities are reported as high as $500,000, but are not definitely known yet as the accounts of Nugent & Co. and Baldwin are conflicting. Baldwin claims that Nugent & Co. are indebted to the bank for the total sum, while Mr. Kirkpatrick, counsel for Nugent & Co., says that they only owe from $100,000 to $200,000, and that many of the notes held by Baldwin are duplicated.

The defaulting cashier is the son of Caleb Baldwin, and entered the bank as a boy, occupying a minor position. He rose gradually until about 1852, when he became assistant to Cashier Matthias Day. At about the beginning of the war he succeeded Mr. Day as Cashier, and has occupied that position ever since. He was prominent in public and social life, and was a director in the Mutual Benefit Life Insurance Company. This company once offered him a prominent position, but he refused it. His salary as cashier was $7000 per annum. Personally he was popular, and his relatives and friends include some of the most prominent people in Newark. It is asserted that for several years Mr. Baldwin has been engaged in speculation in Wall Street, and that the misfortunes of the bank are due to this fact. That there have been other causes for the failure is known, in addition to speculation, but the bulk of the money, many believe, has been sunk in the New York stock market

Since the failure, the United States Bank Examiner says that Baldwin confessed a piece of rascality to him in August, 1880, when he was making his first examination, which shows how near the edge of discovery were his

transactions at that time. Before then the Newark bank had been examined by special clerks from the Treasury department, who seem to have neglected to verify the balance on the books by a visit to the Mechanics' Bank in New York, where a large sum was said to be carried. "Well, as I said, it was my first examination of the Mechanics' Bank, and after finding everything apparently correct I sent a note to New York, asking the Cashier of the Mechanics' Bank there what the balance of the Newark Bank was. It seems now that Mr. Baldwin happened to be in the office of the New York cashier just as he had finished writing the reply, and offered to be the bearer of the letter so as to avoid the risks of mail carriage. The letter was given him, and then watching his opportunity, Mr. Baldwin abstracted one of the blank letter heads and a blank envelope of the Mechanics' Bank of New York, returned to Newark and deliberately forged an entire letter, putting in figures for the balance corresponding with those of his own falsified books. This threw me off my guard, and as the forgery was a capital one, and I had no suspicion of foul play, he put off his exposure for some months."

The New York correspondent of the bank was the Mechanics' National Bank of New York; a sound and conservative institution, which loses nothing, being secured by good collaterals for all advances. It is reported, and on good authority, that Baldwin's bondsmen have not renewed their bonds within fifteen years. This being the case, the sureties are no longer responsible and cannot be brought to account for his rascality, for, according to the laws of New Jersey, bonds are required to be renewed every seven years. After that time elapses the sureties are void and the bondsmen freed from all responsibility. Warren Ackerman, a former director of the Mechanics' National Bank, who remonstrated against the one-man power, has begun a lawsuit against President Halsey for debt, caused by negligence. A number of dividends, payable at the bank, had been declared by various companies, and the money was deposited with the broken bank to meet them. They are, of course, nonpayable. The last semi-annual dividend of the bank was for seven per cent. The stockholders of the bank are liable for the full amount of the holdings, that is to say, each stockholder for \$100 must pay \$100, besides losing the value of his stock.

The depositors are 1027 and their accounts are as follows: 235 have less than \$50; 86 from \$50 to \$100; 298 from \$100 to \$500; 117 from \$1000 to \$5000; 30 from \$5000 to \$10,000; 34 more than \$10,000.

Seventeen days after the failure of the Newark bank the Pacific National Bank of Boston succumbed. The immediate cause of the suspension was the failure of Theodore C. Weeks, who had been allowed to overdraw his accouut. A meeting of the directors was called the day previous, and arrangements were made which it was thought would tide the bank over its difficulties, but the occurrences of the next morning overthrew all arrangements. It is stated that many checks were given out Thursday morning on the Eliot National Bank, which merchants, instead of depositing, went immediately to the bank to draw. But the President of that institution stopped payment on such checks. He took that course because the Pacific had no funds there, and he was satisfied that it would be unwise to cash them.

The payment of the checks having been refused at the Eliot, those holding them then presented them at the Pacific, and thereupon a small run began. The amount paid out was about \$10,000, mostly on small checks, up to 1.10 P. M., when payment was stopped altogether. Just previous to that hour a gentleman walked up, and expressing the belief that everything was right, deposited checks to the amount of \$15,000; and his example was followed by others with smaller amounts. When the doors were closed the following notice was posted thereon: "Owing to failures in which the bank is involved, payment in temporarily suspended"

One of the directors of the Pacific Bank, General March, who is also President of the Union National Market Bank of Watertown, which had, during the past two and a half years, made its collections and clearings through the Pacific Bank, having reasons to doubt the security of the Pacific, early in the

day on Thursday, withdrew about $90,000, of which $50,000 was cash, being the total amount of the deposit there of the Union Market Bank.

The directors of the Pacific National held another meeting Saturday, and decided, by a unanimous vote, to turn over its affairs to Col. Needham, the Bank Examiner. All of the directors unite in strongly censuring President Benyon, and maintain the opinion, which is also indorsed by Col. Needham, the Bank Examiner, that if Mr. Benyon had at first communicated with them in relation to his transactions with Weeks the whole trouble could have been avoided.

Mr. Benyon regrets the movements he made as deeply as do his directors, but says that he was gradually drawn into it little by little. He did not dare disclose his transactions to the directors until the imperative circumstances of the case demanded a disclosure. His transactions with Weeks began about the middle of last August, when the latter's notes were thrown out of the Eliot Bank.

The failure of the Pacific Bank caused a run on the Central National Bank of that city on Saturday morning as soon as its doors were opened. It promptly paid over at the Clearing House $450,000, the amount of the balance due other banks. The run upon it, however. was steadily maintained, and its banking rooms were being crowded all the morning. The officers announced that the bank would pay every dollar in full, and checks were cashed as fast as presented up to 11.30 A. M. At that hour the paying teller stopped cashing checks, and the directors went into consultation as to the best course of action. It was simply stated that they were considering the situation, looking over the balances, and that business would be resumed in the ordinary way in a brief period. Based upon these grounds, reports of the suspension of the bank flew all over the city, quickly swelling the crowd of depositors, with many other anxious inquirers. The Central resumed payment at 1.30 P. M., and confidence in its soundness has fully returned.

REPORT OF TREASURER OF UNITED STATES.

The Annual Report of United States Treasurer Gilfillan, showing the financial operations of the United States Treasury for the fiscal year ended June 30, 1881, was submitted to the Secretary of the Treasury to-day. The transactions of the Treasurer's office for the year are summarized as follows:

SUMMARY.

The receipts of the Government show an increase over those for 1880, from nearly every source. The increase in the receipts from customs is $11,637,611.42; from internal revenue, $11,255,011.59; from sales of public lands, $1,185,356.57 and from miscellaneous sources, $3,177,702.01. The total increase is $27,255,681.59, which, added to a net reduction of $6,930,070.19 in expenditures, makes an increase in the surplus revenue of $34,185,751.78. The net revenues were $360,782,292.57, and the net expenditures were $260,712,887.59. The excess of receipts over payments was $100,069,404.98, of which $51,401,801.05 was expended in the redemption of the public debt. The balance in the Treasury increased $48,667,603.93 from $203,791.321.88 at the beginning, to $252,458,925.81 at the end of the fiscal year. The amount expended on account of interest and premium on the public debt ran down from $98,552.895.53 in the fiscal year 1880 to $83,569,989.96, a reduction of $14,982,905.57. The balance standing to the credit of disbursing officers and agents of the United States with the various officers of the Treasury, June 30, 1881, was $24,936,307.88.

The receipts for the fiscal year on account of the Post-Office Department were $39,757,664.72 and the expenditures $38,514,935.11, of which amounts $24,702,703.44 was received and expended directly by postmasters.

The unavailable funds of the Treasury stand at $29,521,632.72, having been increased $9,425.87 since the last report, by reason of taking up on this account certain items previously carried in the cash. The unavailable funds of the Post Office Department account remain unchanged at $40,078.06.

During the year fifty-four National banks were organized and twenty went into voluntary liquidation, leaving 2,136 doing business at the close of the year. No National bank failed during the year. The semi-annual duty accruing from National banks during the year was $8,493,552.55, all of which has been collected and paid into the Treasury, making the total amount collected by the Treasurer since the establishment of the National banking system in 1863, $108,855,021.90. At the close of the year there was held by the Treasurer in United States bonds $360,505,900 as security for the circulation of National banks, and $15,295,500 as security for public deposits in National-bank depositories. During the year $276,899,700 in bonds was deposited for these purposes, and $277,527,350 withdrawn, exceeding by far the transactions of any former year. These changes were chiefly due to the continuance of the five and six-per-cent. bonds at three and a half per cent., but were caused in considerable part by the substitution of the continued bonds for four and four and a half per cents.

The United States currency outstanding at the close of the year was $362,539,437.65. There was redeemed during the year $71,069,974.95, making the total redemptions since the first issue of currency $2,300,141,073.36.

United States bonds amounting to $85,304,050 were retired during the year. The aggregate amount retired by purchase, redemption, conversion and exchange from March 11, 1869, to the close of the fiscal year is $1,983,344,800. Coupons from United States bonds of the value of $22,797,667.52 were paid during the year, and quarterly interest on registered stock of the funded loans amounting to $44,455,790.17 was paid by means of 305,101 checks, drawn payable to the order of the respective stockholders ana sent to them by mail.

The amount of National-bank notes received for redemption during the year was $59,650,259. The aggregate redemptions under the Act of June 20, 1874, have been $1,099,634,772.

STATE OF THE TREASURY.

Comparing the condition of the Treasury September 30, 1881, with its condition on the same day last year, the most striking changes are the increase in the gold coin and bullion and standard silver dollars on hand and in the silver certificates outstanding. Deducting the gold certificates actually outstanding the gold belonging to the Government on September 30th of the last four years was $112,602,622.20 in 1878, $154,987,371.29 in 1879, $128,160,085.77 in 1880, and $169,552,746.41 in 1881. In 1880 the gold ran down nearly $27,000,000, but this decrease was much more than overcome in 1881, when it increased more than $41,000,000, reaching the highest point ever attained. This increase was largely due to the sale for gold coin in New York under the circular of September 18, 1880, of exchange on the West and South, payable in silver certificates. More than $23,500,000 in gold has been deposited with the Assistant Treasurer in New York on this account during the last fifteen months, exclusive of the amount deposited on account of standard silver dollars. The gross amount of gold and silver coin and bullion held by the Treasury, without regard to the obligations outstanding against it, has ranged from $163,969,444.70 in 1878, to $222,807,368.01 in 1879, $214,303,215.38 in 1880, and $269,706,998.76 in 1881. The increase within the last year has been $55,400,000, of which $39,150,000 is in the gold and $16,250,000 in the silver. The increase in the gold has been greater and in the silver less in the last year than in any year since the coinage of the standard silver dollars began. The amount of United States notes on hand, which largely decreased during the two preceding years, has slightly increased during the last year, notwithstanding the urgent public demand for notes for circulation. The amount on hand above the amount required for the payment of Clearing-House certificates is $20,000,000, against $18,000,000 a year

ago. The amount now held is not more than sufficient for the reasonable requirements of the various offices of the Treasury. The Treasurer while freely furnishing new United States notes in redemption of old United States notes, and of National-bank notes, has endeavored to husband the supply by the use of gold, standard silver dollars, and silver certificates in payment of demands on the Treasury.

The gross assets of the Government, including the funds held for the redemption of gold, silver, and currency certificates, are $331,981,210.11, having increased more $64,000,000 during the last year, and being larger than on the corresponding date in any year since 1878. This increase is due in chief part, to deposits on account of silver certificates, which amounted during the year to $45.600,000. A large share of these certificates was issued for deposits of gold, which directly increased the assets, while so far as they were issued in payment of demands on the Treasury they protected the assets to a like extent.

THE RESERVE.

In referring to the reserve held for the redemption of United States notes Treasurer Gilfillan says: "There is no provision of law requiring a specie reserve for the redemption of United States notes. In preparation for resumption of specie payments, a fund was created in the Treasury under section 3 of the Resumption Act of 1875 by the sale of $95,500,000 of bonds and the accumulation of surplus revenue to protect the outstanding notes. The amount of this fund has never been definitely fixed, but it has been maintained at about forty per cent. of the United States notes outstanding. It has usually been assumed that a reserve of forty per cent. is sufficient for the protection of the United States notes; but it is plain that under this method of computation the reserve is not merely forty per cent. of the liability represented by United States notes, but also 100 per cent. of all the other liabilities. So far as the gold, silver, and Clearing-House certificates are concerned, it is necessary under the laws authorizing their issue that their full amount should be set aside in gold, silver, and United States notes, respectively, as funds for their redemption, but as to the other liabilities no such obligation exists, and it is submitted that no higher reserve is required for their protection than is required for the protection of the United States notes. In the changed condition of trade and commerce, unless some calamity shall overtake the Nation there seems to be no probability of a run upon the reserve of the Treasury. The total demand for coin in redemption of United States notes has aggregated, since resumption, only $12,029,086, and no notes whatever have been presented for redemption since February, 1881. Should there ever be a run on the specie reserves of the Treasury the United States notes will be made the basis of the demand, and not the other matured obligations which compose the very varied current liabillties of the Government mentioned above."

The excess of assets over the demand liabilities of the Government other than United States notes is shown by a tabulated statement to be $146,443,491.77. "Considering these liabilities as a whole, it is clear that whatever percentage of reserve will protect the United States notes will protect the other liabilities." The Treasurer is of the opinion that a uniform percentage should be fixed for all the current liabilities other than the three classes of certificates, and that the excess of cash in the Treasury should be expended from time to time in the purchase or redemption of the public debt, according to some definite and publicly announced plan. Should this be done the policy of the Department would cease to be a subject of speculation, and the influence of the Treasury on the money market would be reduced to a minimum. It is shown by Mr. Gilfillan that while the present nominal reserve of the Treasury held exclusively for the protection of United States notes has, since January 1, 1879, ranged from 36.2 per cent. to 44.5 per cent., and has averaged for that period 41.1 per cent. of the outstanding United States notes, there has really been for the same period a reserve of cash against all demand liabilities, including United States notes

and excluding the amount of outstanding coin and currency certificates from both sides, of from 40.5 per cent. to 55.7 per cent., which has averaged 51.6 per cent.; in other words, the reserve, as it has been maintained exclusively against United States notes, has been kept some $46,000,000 in excess of what it would have been had the same percentage been applied in computing the reserve to be held against all demand liabilities, excluding coin and currency certificates.

At the present time the percentage of the surplus cash to the United States notes is only 40.1 per cent., while the percentage of the total cash to total liabilities (excluding certificates from both sides) is 54.1. Should forty per cent. be fixed upon as a sufficient reserve for all the liabilities, the cash required to be held would be less than $181,000,000, instead of the $244,731,000 now held. Nearly $64,000,000, or, excluding $26,000,000 fractional silver coin not a full legal tender, $38,000,000, might gradually be applied to the extinguishment of the public debt.

The following is a summary of the transactions of the Treasury with the Clearing House in New York, during the last fifteen months:

Cash paid to the Clearing House, in settlement of balances against the Treasury, $345,471,775.94, less cash received from the Clearing House, in settlement of balances in favor of the Treasury, $5,673,715.22; checks on banks sent to the Clearing House, $112,482,515.84; net amount of cash and checks sent to the Clearing House, $452,280,576.56; checks on the Assistant-Treasurer United States, New York, received from the Clearing House, $452,280,576.56.

STANDARD SILVER DOLLARS.

The total amount of standard silver dollars coined to September 30, 1881, under the act of February 28, 1878, is $98,322,705, of which $32,373,426, or nearly 33 per cent., is in circulation, and $65,949,279 remains in the Treasury. The amount coined during the last year was $27,753,955, of which $9,589,420, or a little more than 34½ per cent., went into circulation, and $18,164,535 remains in the Treasury. The average monthly coinage has been $2,287,000, and the average net monthly issue, $753.000.

There was a large increase during the fiscal year in the amount of silver certificates in circulation; the amount outstanding at the close of the year being $51,166,530, as compared with $12,374,270 outstanding June 30, 1880. The Clearing-House certificates outstanding at the close of the fiscal year amounted to only $11,615,000; the smallest amount outstanding at the close of any fiscal year since their issue began in 1873.

The amount of fractional silver coin in the Treasury, which on September 30, 1880, was $24,723,892.68, steadily ran up until August 1, 1881, when it reached $27,295,486.63. Within the last two months it has decreased, in consequence of the heavy shipments from the Treasurer's office, and now stands at $26,343,477.17, an increase of $1,619,584.49 in the last year, but a decrease of $952,009.46 since August 1.

The amount of minor coin in the Treasury, which steadily increased from $157,000 in 1876 to $1,524,000 in 1879, is shown to have greatly decreased in the last two years. The amount now on hand is $552,585.06, as compared with $1,063,665.22 on September 30, 1880, and $1,524,700.57 on the corresponding date in 1879.

The Treasurer says on the subject of mutilated currency that the rule subjecting mutilated United States currency, on its redemption, to a discount proportioned to the part lacking, is based on a false analogy to coined money, is unjust to the public and expensive to the Treasury, and should be modified.

During the year ending September 30, 1881, there were redeemed and paid for, by the Treasurer's office, called United States bonds, on which interest had ceased, of the face value of $75,223,200. The proceeds, including interest, amounted to $76,556,772.36. United States bonds to the amount of $28,327,650 were purchased during the year for the sinking fund, at a cost, including accrued interest and premiums, of $29,083,821.36.

The semi-annual duty assessed upon and collected from the National banks by the Treasurer of the United States for the fiscal year is as follows:

On circulation, $3,121,374.33; on deposits, $4,940,945.12; on capital, $431,233 10; total, $8,493,552.55. This is the largest amount of semi-annual duty assessed and collected in one year since the establishment of the National banking system.

The Treasurer regards the requirement of the act of 1849, that the public moneys shall be deposited in the Treasury without diminution in any way as most salutary and important, and believes that there is no sufficient reason for excepting from it the public moneys collected by the Post-Office Department. To secure efficient control and uniform accountability, the revenues of the Post Office Department shculd, in the Treasurer's opinion, be deposited like all other revenues, without abatement, to the credit of the Treasurer's regular account, and be drawn out only on the warrant of the Secretary of the Treasury, based upon the requisition of the Postmaster-General.

THE REDEMPTION OF NATIONAL-BANK NOTES.

Relative to the redemption of National-bank notes, Treasurer Gilfillan says: "Aside from the mere difficulty of properly apportioning the expenses of redemption the Treasurer is more firmly than ever of the conviction that the power now possessed by the National banks of throwing up their circulation at will is wrong in principle, unnecessary, and dangerous. Under a sound system of currency the circulation can be reduced only by the act of the holders in presenting it for redemption. Under the present system the issuers can suddenly and arbitrarily contract it to any extent, and it may be for their interest to do this when there is a legitimate demand for all the currency in circulation, or even more. There may be—in fact often is—a profit to the bank in withdrawing and selling their bonds, when the circulation is already deficient. A bank, having issued circulating notes, should be held responsible for them until they are redeemed or it goes out of business. There is no sound reason why, while continuing to do business, it should be permitted to throw the burden of the redemption of its promissory notes upon the United States, and there is no obligation resting upon the United States to assume that burden. The privilege of surrendering circulation by depositing lawful money for its redemption is not necessary to correct redundancy in the circulation, since any real redundancy will be naturally corrected by the return of the notes by the holders. If a bank finds that its issues are being redeemed so rapidly as to destroy the profit, the obvious remedy is to refrain from reissuing the redeemed notes and to retire them, as permitted by section 5167 of the Revised Statutes, which provides for their surrender in sums of $1000. Nor would the withdrawal of the privilege prevent banks from winding up their business and going into liquidation, inasmuch as the surrender of circulation by liquidating banks is made under prior and distinct provisions of law (sections 5220, 5221, and 5222, Revised Statutes.)

In concluding his report the Treasurer urges that the salaries of persons employed in his office shall be raised. They were considerably reduced by the act of August 15, 1876.

SAVINGS-BANK RUN.—The failure of the Mechanics' National Bank of Newark caused a run on the Howard Savings Institution of that city. The deposits amounted to $3,500,000, against which the bank held $2,500,000 of Government bonds. The money to pay depositors was raised on bonds, and it was officially announced in Wall Street that funds to any amount were at the bank's command. The run took out over $200,000. The deposits so removed of course lost the claim to the interest due January 1, amounting to more than $5,000. The run on the bank soon subsided.

INQUIRIES OF CORRESPONDENTS.

Addressed to the Editor of the Banker's Magazine.

I. Escrow.

Mr. A sent C for collection a deed for $950, to be delivered to B on his paying that amount. The next day C received a letter from B enclosing a draft for $950, and saying remit to Mr. A, as soon as he found that abstract was "O. K.," and to notify Mr. A to that effect. In the same mail C received a letter from A, asking for a return of the deed.

C held both deed and money a few days, notifying A of B's request, and B of A's request. Both were very urgent in their demands. C finally returned the deed. Was he justified in so doing?

Reply.—Washburn states the rule very clearly that "after a deed has been delivered as an escrow, it is no longer revocable by the maker, but the same will take effect whenever the condition has happened or been complied with upon which it is to be finally delivered." *Real Property*, Vol. II, p. 612, 2d ed. A having delivered the deed to C had no right to recall it, unless the abstract was found defective and B was unwilling to accept it. Of course it follows that C had no right to return the deed to the maker. In the statement sent to us, the writer says that "Both were very urgent in their demands." This we suppose to mean that A was very urgent to have the deed returned, and that B was very urgent to receive it. If this be the meaning of the language, it very clearly was the duty of C to pay the money to A and deliver the deed to B. (See *Worrall* v. *Munn*, 1 Seld. 229.)

II. Deposit Account.

Is there any reason against receiving money in the name of a company, and having the checks signed by it without the name of any officer?

Reply.—Morse says that in receiving deposits and opening accounts a bank is free to choose whom it will as customers, but is silent in respect to the name or style in which an account should be kept. For the company's safety it would seem to be essential that in keeping its account it should act through its properly-constituted manager. Furthermore, a corporation cannot sign its own name; the signature must be by some person, and it ought to appear who is responsible for the corporate signature.

III.—Checks Dated Ahead.

To settle a purchase payable on a future day, the buyer tenders his check dated on that day. The seller refuses it, on the ground that a check dated ahead is worthless in law. What foundation is there for this theory? It is a new one to me.

Reply.—"There is no question," says Morse, "but that a post-dated check is in the United States a perfectly legal and proper instrument." *Banks and Banking*, 2d ed., 372. And Story says that "it makes no difference in point of law as between the parties whether a check be ante-dated or post-dated; it

is still payable on its presentment, at any time after the date." *Promissory Notes*, § 490; *Harker* v. *Anderson*, 21 Wend. 372. In the case of an ordinary check the element of time usually appears between accepting its acceptance and receiving the money. When a post-dated check is given a longer period of time may elapse before receiving the money, but the nature of the check is the same.

Probably the seller may entertain the view above mentioned, from not understanding perfectly how the law regards the acceptance of an ordinary check by the payee. A creditor may, if he pleases, accept a check in absolute discharge of the debt; but there is no presumption that he takes it in payment; on the contrary, the implication is that it is only to be regarded as payment if cashed. 2 *Dan. on Neg. Inst.*, § 1623. The law has been well expressed by the Supreme Court of Massachusetts: "A check is merely evidence of a debt due from the drawer. Whether it shall operate as payment or not depends upon two facts; first, that the drawer has funds to his credit in the bank on which it is drawn; and second, that the bank is solvent, or, in other words, pays its bills and the checks duly drawn upon it on demand. The receipt of a check, therefore, before presentment, if there is no laches on the part of the holder, is not payment of the debt for which it is delivered." *Taylor* v. *Williams*, 11 Met. 44.

IV. Effect of Assignment on Deposits.

A customer gave out several checks to different parties, with money enough in bank to pay the same. They were not presented for payment immediately, and at a later period the parties who drew the checks failed, and made an assignment after banking hours. The next morning the assignee served a notice on the bank forbidding the payment of the checks. Is the bank obliged to pay attention to the notice of the assignee, or can it pay the checks without harm to itself?

Reply.—The bank has no right, by the law of New York, to pay the checks. In the case of the *First National Bank* v. *Gish*, 72 Penn. 13, the check was made the 27th of March, the 3d of April the maker failed, and two days afterward the payee presented the check to the bank for payment. The Court held there had been no appropriation of money to the payee, and that the funds in the bank belonging to the maker of the check passed to his assignees. The same rule had previously been laid down in New York, in *Lunt* v. *Bank of North America*, 49 Barb. 221. The Court in that case considered the question more elaborately, and declared that a check drawn in the ordinary, general form, not describing any particular fund, and containing only the usual request directed to the bank to pay to the order of the payee therein named, was the same in legal effect as an inland bill of exchange, and did not amount to an assignment of the funds of the drawer in the bank. The plaintiffs in that case were the assignees of the makers of two checks which were payable to the Bank of North America. When the makers failed, notice was sent of the assignment to the bank on which the checks were drawn, but the money was paid over, the lower court having decided that it could be legally done. But the Supreme Court reversed the decision, and the payees were obliged to refund the money to the assignees. In 1877 the cases were reviewed in *Attorney-General* v. *Continental Life Ins. Co.*, 71 N. Y., 325, and the rule previously laid down in *Lunt* v. *Bank of North America*

was declared to be the settled law of the State. Ch. J. Church in giving the opinion of the Court says: "This doctrine accords with the relations between the parties. Banks are debtors to their customers for the amount of deposits. A check is a request of the customer to pay the whole or a portion of such indebtedness to the bearer, or to the order of the payee. Until presented and accepted, it is inchoate; it vests no title or interest, *legal or equitable*, in the payee to the fund. Before acceptance the drawer may withdraw his deposit; the bank owes no duty to the holder of a check until it is presented for payment."

Although the law has been thus clearly established in New York, the Federal Courts, in two recent cases, have disregarded it. Judge McCrary of the United States Circuit Court for the Eastern District of Missouri, in *German Savings Institution* v. *Adae*, said: "There is certainly no good ground for holding that a check or a draft drawn upon a fund in bank is not an equitable assignment as between the drawer and the payee; and in a case where there is no controversy as to the rights of the bank or drawee, it does not lie in the mouth of the drawer or his assignee to say that such an instrument is not an equitable assignment." The court referred to the New York cases, previously cited, in which the opposite view was maintained, thus it is very clear that a known irreconcilable opinion prevails in the different courts on this subject. Still more recently, Judge Miller, of the United States Supreme Court, sitting in the United States Circuit Court for the Western District of Missouri, in the case of the *First National Bank of Cincinnati* v. *Coates*, set forth the same view as that entertained by McCrary J. As both of these cases may be found in the BANKER'S MAGAZINE, the last named in the present number, and the other in October, we forbear saying anything further about them. From this review of the law, it is evident that the rights of the parties would be differently established by the Federal than by the State Courts.

V. Fees of Notary.

A correspondent writes that hardly two notaries charge the same for protesting, and wishes to know why, and whether the fee should not be the same in the United States?

REPLY.—The fees vary, because they are fixed by the legislatures of the various States.

VI. Lost Notes.

The answer to an inquiry concerning the liability of parties to lost notes has been answered elsewhere. (See p. 419.)

ORIGIN OF RECENT SPECULATIONS.—"There is good reason to believe," says the *Boston Commercial Bulletin*, "that the gigantic speculations in breadstuffs, provisions and cotton really do not originate in New York or Chicago, but have their center and starting point in London. It was from that great center that the monetary stringency went forth to Paris, Berlin and New York, and it is notorious that British capital controls the cotton markets of the world."

BANKING AND FINANCIAL ITEMS.

TRANSFER OF BONDS.—It has been customary for the United States Treasurer upon receipt of bonds properly assigned to him, in exchange for other bonds on file with him as security for National-bank circulation, to surrender the bonds on file pending the transfer of the new bonds on the books of the Department, during which transfer the bonds are not in his possession. Being recently advised that if such bonds are lost or mislaid in the Department he is personally responsible, the Treasurer has just issued the following circular on the subject:

"WASHINGTON, November 11, 1881.

"In the matter of the loss of a $500 registered bond in the name of the Treasurer in trust, as security for circulating notes of a National bank, which bond was lost in the Department without fault on the part of the Treasuer or of his assistants, in the process of continuance at three and a half per cent., the Treasurer, having been enjoined by the Secretary of the Treasury that, in accordance with a decision rendered by the Comptroller of the Treasury, a duplicate may issue only upon the filing of a bond of indemnity in double the amount involved, executed by the Treasurer with two sureties, whose sufficiency must be proven:

"It is therefore ordered that no bonds deposited as security for circulation or public deposits shall hereafter be surrendered or allowed to pass from the custody of this office, except upon the surrender of circulating notes, deposit of lawful money, deposit of other bonds in the name of the Treasurer of the United States in trust, or in the case of a depository bank, upon the order of the Secretary of the Treasury. (Signed)

"JAMES GILFILLAN, *Treasurer United States.*"

REDEMPTION OF CONTINUED BONDS.—The following circular relative to the redemption of United States three-and-a-half-per-cent. bonds has been issued by the Treasury Department:

"WASHINGTON, D. C., November 4.

"Notice is hereby given that on Wednesday next, and on each Wednesday thereafter through the present month, and until otherwise ordered, the Department will redeem, at the office of the Assistant Treasurer of the United States at New York, paying par and interest accrued to the date of redemption, any uncalled United States bonds continued to bear interest at three and a half per centum per annum to an amount not exceeding two millions of dollars ($2,000,000) on each day mentioned.

(Signed) "H. F. FRENCH, *Acting Secretary.*"

REPORT OF THE COMMISSIONER OF CUSTOMS.—The annual report of Commissioner of Customs Johnson, containing a statement of the work performed in his office during the fiscal year ended June 30, 1881, was to-day submitted to the Secretary of the Treasury. It shows that there was paid into the Treasury from sources, the accounts relating to which are settled in his office: $200,109,936.38, and that there was paid out of the Treasury on accounts under the supervision of the Commissioner $18,499,412.09. The report is accompanied by a statement of the transactions in bonded goods during the year as shown by the adjusted accounts, from which it appears that at the principal ports the balances on bonds to secure duties on goods remaining in warehouse June 30, 1881, were as follows: Boston and Charlestown, $3,738,929.17; Baltimore, $151,236.13; Chicago, $173,647.74; New Orleans, $231,824.51; New York, $17,331,052.75; Philadelphia, $1,016,197.87; San Francisco, $1,065,021.79.

Interest Paid to Banks.—The average rate of interest now paid by the United States upon the bonds deposited as security for circulating notes is about 3.7 per cent. upon the par value. If the interest were computed upon the bonds at their current market value, the rate of interest would be less than three and one-quarter per cent.

Small Bills,—The New York banks report an unusual demand for small bills; also a growing disposition for increase of circulation.

The Issue of Silver Certificates.—The Treasury Department, owing to the relatively small stock of silver dollars now on hand, has suspended the exchange of silver certificates for gold coin or bullion, The law authorizes the holder of silver bullion to deposit it in the Treasury and take out certificates. Two years ago the question was raised whether any one could take out gold from the Treasury and put in silver certificates. It was found that under the rule of the Department, by which any person to whom payments are due may receive the amount due in the currency of his choice, those to whom silver dollars were paid immediately redeposited them and took out silver certificates. It was accordingly decided to allow persons to deposit gold, and upon such deposits silver certificates were issued; the Treasury at the same time holding an amount of standard silver dollars equal to the amount that had been thus deposited. This practice has been continued to such an extent that there are now outstanding, of silver certificates issued under these conditions, the amount of $66,327,670. Against this the Treasury holds in silver $66,576,378, leaving only 24,800 silver dollars in the Treasury which are not represented by outstanding certificates, and for this reason the Treasury has seen fit to rescind the order under which this issuance of silver certificates against gold coin was authorized. These $66,000,000 of silver certificates, however, do not represent the entire amount of silver dollars outstanding The mint has coined something like 100,000,000 of silver dollars. There is in the Treasury of silver certificates not represented by the $66,000,000 above named, $7,488,900. The total amount of standard dollars actually in circulation is about $40,000,000. The mint for more than a year has been coining the minimum amount authorized by the silver dollar law, $2,000,000 per month.

A prominent Treasury official has said that the recent circular suspending the exchange of silver certificates for gold coin or bullion would undoubtedly lead to much embarrassment in the South-West, when the cotton crop has to be paid for. "The practice has been for the brokers or other persons in New York, who dispose of the cotton crop for the planters, to deposit gold in the New York Sub-Treasury, and upon notice of this fact, Treasurer Gilfillan here would authorize the Sub-Treasurer at New Orleans to issue an equal amount of silver certificates, which would be used in paying the expenses of gathering the cotton crop. The demand for this exchange has been very heavy for three years past during this season of the year. The demand begins early in the autumn and continues until the early part of January. Now the only way which the planters can get the silver certificates is to pay the cost of transporting the silver from New York, and depositing it with the Sub-Treasurer at New Orleans and receiving in return silver certificates." The following is the order which has been issued:

Treasury Department, Secretary's Office,
Washington, D. C., Nov. 1, 1881.

Until further notice the exchange of silver certificates for gold coin deposited at the office of the United States Assistant Treasurer at New York will be suspended, and Department's Circular No. 75, of September 18, 1880, is hereby modified accordingly. (Signed) H. F. French, *Acting Secretary.*

Confederate Bonds—The value of the assets of the late Confederate Government is placed by the New York *Herald* at $40,828,992; $11,000,000 of this amount being in the United States. Parties have sought to obtain contracts to recover some portion of this money, but the only instance in which they were successful was a case in which the amount involved was $100,000,

but as the expenses of the suit ran up to $95,000, and the Government recovered only $5000, there was no encouragement to bring further suits. The English firm of Fraser, Trenholm & Co. is liable for $9,670,000. This firm is said to own property in South Carolina and Georgia valued at $14,000,000, but no steps have been taken to attach it. The schedule of Confederate property abroad includes $11,000,000 deposited in Vienna, Frankfort, Amsterdam, Paris and London, iron works in Scotland, rifle-cannon machinery valued at $1,000,000, seven tons of specie, a Danish frigate, and $983,000 in the hands of a Paris agent. The property in the United States consists of iron works and lands, flouring mills, machine shops, foundries and railroads in Marion and Davies Counties, Texas, and in northern Alabama, and cotton shipped from Memphis, Brownsville, Galveston and Matamoras, after the close of the war. The purchase of Confederate bonds is presumed to be owing to a belief that these assets in some way can be recovered by the holders of the worthless Confederate bonds.

Silver Dollars in Circulation.—During the week ending November 12th, 442,500 standard silver dollars were placed in circulation, against 373,994 during the corresponding period in 1880.

Clearing Houses.—In the United States there are twenty-six Clearing Houses, while in all the rest of the world there are but six.

A Profitable Company.—The total of dividends of the Calumet and Hecla Mining Company, including the five dollars per share payable November 15th, is $20,350,000.

Speculation in Petroleum.—The main operator in the present petroleum speculation is the Standard Oil Company monopoly, which works up the price of crude oil on the outsiders, and puts down the price of the refined article, and they are soon left without an occupation. The following table shows the range of prices for crude petroleum per barrel for several years:

Year.	*Highest.*	*Lowest.*	*Year.*	*Highest.*	*Lowest.*
1868....	$5 50	$1 80	1875....	$1 80	80
1869....	7 00	4 00	1876....	4 25	$1 50
1870....	4 90	2 75	1877....	3 80	1 52½
1871...	5 00	3 25	1878....	1 87½	78⅛
1872....	4 60	3 00	1879....	1 28⅛	63⅛
1873....	2 75	.75	1880....	1 26	71⅛
1874....	2 35	.55	1881....	1 00	73½

Bank Robbery in Connecticut.—Three masked burglars robbed J. Hutchinson & Co.'s safe, in Branford, of $500, November 1, at night. They bound and blindfolded Charles B. Hill, a partner, who slept in the store, and made him undo the combination; then they went to New Haven, and fled to New York.

Virginia Deferred Bonds.—These were issued by the old State, before the war, for internal improvements and various other purposes. When the geographical division occurred, the old Dominion assumed two-thirds of the debt, and the other third was transferred to West Virginia. The amount set aside for West Virginia is about $12,000,000, with accrued interest for some ten and a half years. These deferred bonds were put out in 1871 and funded, but have not been funded since except for interest. There are some who believe that West Virginia is holden for the whole $12,000,000, although that State claims she ought to pay only $1,000,000.

California.—The Marysville Savings Bank of California has suspended, owing depositors $445,894. Outstanding loans on real estate, $339,100. It owns real estate valued on the books at $108,515. Nearly all of this the bank was forced to purchase on foreclosures. The business of the bank was confined to loans on real estates. It was incorporated in 1869 on a purely mutual basis. The first dividend of ten per cent. to the creditors will probably be paid next month. No fraud is suspected, and shrinkage in real estate is the cause of the suspension.

CONTINENTAL MONEY.—Continental money, says an exchange, will soon have a marketable value, and the memories of Yorktown will be appealed to in order to secure its recognition.

THE NORTH CAROLINA DEBT.—The Treasurer of North Carolina reports that over $8,000,000 of the old North Carolina bonds have been funded into new four per cents. under the compromise act of March, 1879, which limits the time for the exchange to January 1 next. There is about $4,000,000 of the old debt still unpresented, the holders not having availed themselves of the act.

JESSE BALDWIN'S GOLD.—Mr. Jesse Baldwin, of Youngstown, Ohio, had $17,000 in United States bonds. He applied at the Treasury Department, Washington, for their redemption in gold. It was counted out to him, and then he recounted it, to the amusement of a number of bystanders. He found that eighty pounds was too heavy a weight to carry in his hands to his home, he therefore concluded to ship it by express, and it reached its place of destination in due time, and so did the old man. Shortly afterward robbers relieved him of his burden.

ROBBERS OUTWITTED.—A story is told by the Guelph *Herald* of a well-known bank man, belonging to Harriston, who reached Guelph Station last week on the G. T. R. midnight train from Toronto. He had in his possession four packages of bank notes containing $10,000 each, $40,000 in all. While on the train he noticed that he was being watched by two suspicious-looking men, so he induced the conductor to hold the train while two men were sent for to escort him to the Royal Hotel. His two trackers followed him to the Royal, but were refused admittance. By judicious forethought, it is probable that he saved his money.

CANADA.—The total amount of Dominion notes in circulation on October 31st was $14,872,924.45; excess of specie and guaranteed debentures, $1,880,986.54; excess of unguaranteed debentures, $845,306.66, making a total excess of $2,734,293.20. During September the total value of goods entered for consumption, exclusive of British Columbia, was $9,665,118, and the duty collected $2,055,851.22. The total value of dutiable goods was $7,876,138; of coin and bullion, except United States silver coin, $6444, and of free goods, $1,782,536. The total value of goods exported from the Dominion during September was $11.771,123. Foreign produce —values of various descriptions of goods exported were: Produce of the mines, $202,689; produce of fisheries, $745.997; produce of forests, $3,312,267; animals and their produce, $3,016,320; agricultural products, $4,062,625, manufactures, $402,134; miscellaneous articles, $53,091. The official statement of banks acting under a charter for the month ending October 31st shows total liabilities of $13,719,945.51; total assets, $211,551,265.33.

The parties controlling the Act incorporating the chartered Bank of London and North America, will ask Parliament at the next session for a change in title, by making it read "London and Winnipeg," with permission to reduce the capital to one million dollars, and to change the head office from Montreal to Winnipeg.

MEXICO.—The latest news from Mexico is most favorable to the credit of the new administration. The annual $300,000 for the extinguishment of the claims allowed to citizens of the United States is ready and will soon be sent here to be delivered to the Government. The first subsidies to railroads have been promptly paid, while the fund for this purpose is said to be gradually increasing. The tax decreed on the landed property to pay the Government railroad obligations has been so modified as to meet the approval of the people, yet, at the same time, the amount produced from this source will not be less than the original estimate.

NATIONAL BANK IN MEXICO.—Mexico is to have a National bank. It is to be located in the City of Mexico, and may establish branches elsewhere. The bank begins operations with $3,000,000 capital.

CANADA'S LIABILITIES.—The London *Economist* has taken some trouble to ascertain the approximate amount of Canada's indebtedness to Great Britain, and has arrived at the conclusion that the Dominion, Provincial, Municipal and corporate liabilities are about £70,000,000 sterling, which, at an average rate of interest of 4½, would give £3,150,000 sterling, or nearly sixteen millions of dollars as the amount to be annually remitted to England in payment of interest. The total exports to Great Britain in 1880 of goods, the produce of Canada, amounted to about thirty-five millions of dollars, so that very nearly the one-half would have been required to pay our indebtedness, irrespective of imports. The *Economist*, however, further points out that the borrowing is going on, and it is very obvious that it is likely to continue, as the money for the construction of the Canadian Pacific Railway will probably be largely supplied by Great Britain. It is tolerably clear from the above facts that it is a complete delusion to base any calculations on a supposed "balance of trade," founded on the official returns of imports and exports.

DEFACING COINS.—A new mode of defacing silver coins has come to light. Quack doctors and patent-medicine men are utilizing the silver coinage of the country to bring to the attention of the public their wares. One side of the coin is just as it comes out of the Mint. The other side has stamped upon it in black letters the advertisement that is desired to be circulated. There is no difficulty in passing these coins, as the person who has them passed upon him can in turn readily get rid of them by placing them in payment with the unmutilated side uppermost on the counter.

HAYTI'S NEW COINAGE.—The Haytian Government has issued a decree declaring that, as confusion reigns n the monetary system of the republic and unity of coinage is required, therefore, it is ordered that national coin be created of pieces containing nine parts of gold and one of alloy, which coin shall be called a "gourde," and each "gourde" shall contain 100 centimes.

GREEK BRIGANDS AND THEIR EXACTIONS.—The British Government has just published a report of the number of British subjects taken by brigands and held for ransom during the last twenty years. Since 1860 there have been fourteen such acts of brigandage in which Englishmen were sufferers. Two of these were in Mexico, two in Italy, two in Greece, four in Spain, one in Sicily, and two in Turkey. Perhaps the coolest act on the part of the brigands was the capture of Mr. Forester Rose, who was gobbled up close to the railway station at Lecara, near Palermo, Sicily. The bandits asked at first £5,000 for his release, but eventually Mr. Rose obtained his liberty on the lump payment of a beggarly £1,600, though other expenses attending the treaty for his delivery amounted to 20,000 lire more. Five thousand pounds have been demanded of the Italian Government, but so far without repayment or compensation to the sufferer. In Spain, in 1871, an Englishman, with his wife and a lady companion, was bagged by Spanish brigands near Denia, but got off quite cheaply with a ransom of £200. But Mr. Arthur Haseldin was by no means so lucky. He was taken in the Sierra Morena, in Spain, in 1874, and 4,000,000 reals, about $200,000, was the sum fixed on by his greedy captors for his release. Before Haseldin was out of the clutches of these extortionate thieves they made quite a pretty penny out of him, some $35,000. In 1870, not far from Gibraltar, two Englishmen were captured, and the Governor of Gibraltar paid $27,000 for their release. The most terrible of all the cases was the capture, in 1870, of Lord and Lady Muncaster, Mr. Herbert, Mr. Vyner, and a Mr. and Mrs. Lloyd and child, not more than twelve miles from Athens. Fifty thousand pounds was at first asked by the brigands, then £25,000 and an amnesty. It ended with the murder of Herbert, Vyner, and Lloyd. The King of Greece gave Mrs. Lloyd £1,000, and the Government an indemnity of £10,000. Within the last few years the English Government have advanced something like £25,000 for ransoms, and it has recently announced that the ransoming of its subjects who may have been captured, must not be taken as a precedent for the future, as no such ramsom money will be hereafter provided by the Government.

LOSS OF PRECIOUS METALS BY ABRASION.—In considering the supply of gold and silver to meet the monetary demands of the world, the loss of the precious metals by friction must be taken into the account, inconsiderable as it at first may appear. It is stated that the English sovereign at the end of twenty years, has lost so much by attrition that it requires to be returned to the Mint. Professor Soetbeer, of Goettingen, after elaborate researches concludes that the annual loss on coins by friction alone, reaches 1,763 pounds of gold and 101,384 pounds of silver. The loss of the precious metals by use yearly in the arts is estimated by Soetbeer at 184,630 pounds for gold and 1,038,084 pounds for silver. He calculates that the arts have consumed in the last fifty years nearly one-third of the total production of the one metal and over one-fourth of that of the other.

MANUFACTURE OF BANK OF ENGLAND NOTES.—Bank of England notes are made from pure white linen cuttings—never from rags that have been worn. So carefully is the paper prepared that even the number of dips into the pulp made by each individual workman is registered on a dial by machinery, and the sheets are carefully counted and booked to each person through whose hands they pass. The printing is done by a most curious process within the bank building. There is an elaborate arrangement for securing that no note shall be exactly like any other in existence; consequently there never has been a duplicate bank note except by forgery. The stock of paid notes for seven years is said to amount to 94,000,000, and to fill 10,000 boxes, which, if placed side by side, would cover over three miles in extent.

PUBLIC DEBT OF THE UNITED STATES.

We append the most prominent features of the monthly debt statement:

	Dec. 1, 1880.	Dec. 1, 1881.
INTEREST-BEARING DEBT.		
Bonds at six per cent	$213,521,550	* $159,452,500
Bonds at five per cent	469,651,050	* 401,504,900
Bonds at four and a half per cent	250,000,000	250,000,000
Bonds at four per cent	738,404,450	738,768,550
Refunding certificates	943,350	579,250
Navy pension fund	14,000,000	14,000,000
Total principal	$1,686,520,400	$1,564,305,200
Total interest	18,104,358	12,892,415
DEBT ON WHICH INTEREST HAS CEASED SINCE MATURITY.		
Principal	$5,518,085	$10,648,315
Interest	749,376	724,165
DEBT BEARING NO INTEREST.		
Old demand and legal-tender notes	$346,741,796	$346,681,016
Certificates of deposit	8,525,000	9,045,000
Gold and silver certificates	42,477,780	71,871,750
Fractional currency	7,163,207	7,093,128
Total principal	$404,907,783	$434,750,854
Unclaimed Pacific R. R. int	7,927	7,256
TOTAL DEBT.		
Principal	$2,096,946,268	$2,009,704,370
Interest	18,861,662	13,623,837
Total	$2,115,807,930	$2,023,328,207
Total cash in Treasury	210,926,763	245,042,866
Debt less cash	$1,904,881,166	$1,778,285 340
Cash balances available	150,763,567	151,274,111

* Continued at three and a half per cent.

OBITUARY.

GEORGE E. GIBBON, of Charleston, South Carolina, formerly president of the People's Bank of that State, died on October 31st in New York City, where he had gone for a change of air under the advice of his physicians. He was a native of Charleston. Always retiring and unobtrusive, he avoided, so far as he could, public positions, but the respect and admiration won by his sterling character caused him to be selected again and again for posts of commercial responsibility.

CHARLES H. NORTHAM, a leading citizen of Hartford, Conn., died in that city on November 12, after a long illness. He was born in Colchester, Conn., Dec. 21, 1797; went to Hartford in 1812 as a clerk, and subsequently went into the grocery business. He was president and treasurer of the Connecticut River Steamboat Company, and president of the New York and New Haven Steamboat Company. In 1860 he left the grocery business and became presisident of the Mercantile National Bank of Hartford, which position he held at the time of his death. He was also president of the Hartford Hospital, director of the Phœnix Insurance Company, trustee of the Connecticut Trust Company, trustee of Trinity College, and held many other positions of the same general nature. Mr. Northam was a man of the strictest integrity, of great capacity for labor, and of unbounded energy, which was noticeably shown in the active participation in business affairs, which he continued until he was confined to his house last Spring.

JAMES D. SAWYER, of Buffalo, president of White's Bank of that city, died the 16th of November, in the sixty-ninth year of his age. He was born in Connecticut. In 1837 he went to Buffalo, where he established a general mercantile store, and subsequently a commission business. He was engaged in commercial pursuits until May, 1880. In 1868 he was elected a director of White's Bank of Buffalo, and April 3rd, 1879, he was elected president of the bank, a position which he continued to hold to the time of his death. As a financier he displayed the same good judgment and ability which had made him a successful and prominent merchant. He was also at the time of his death vice-president of the Buffalo Insurance Company, a director of the Mutual Gas Light Company, and a trustee of the Forest Lawn Cemetery Association. He had been president of the General Hospital, a member of the Advisory Board of the Home for the Friendless, and a kind friend and patron of the Buffalo Orphan Asylum. He was one of the oldest members of the Board of Trade, and had served as its president, and in most of its other offices. His influence and counsel were highly valued in all these organizations. "Mr. Sawyer's character," says the *Buffalo Advertiser*, "was that of a high-toned Christian gentleman. In all he did he was profoundly conscientious; his aim was to deal justly and honorably with all men, and he was always governed by the devout and sincere religious principles he had professed from his youth up."

COMPUTATION OF INTEREST.—The following statement relative to the method of computing the interest on the continued five-per-cent. bonds was issued at the Treasury Department to-day, to be forwarded in reply to numerous inquiries which are being received on the subject:

"The interest due November 1, 1881, on the funded loan of 1881, continued at three and a half per cent. was computed by taking the full interest for the quarter ending October 31st at three and a half per cent., and deducting therefrom interest from August 1st to August 12, 1881, being eleven days, at three and a half per cent., computed by *Price's Interest Tables*, 365 days to the year, August 12, 1881, being the date on which interest commenced, as stated on the face of the bonds.

"JAMES GILFILLAN, *Treasurer United States*."

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from November No., page 403.)

	Bank and Place.	Elected.	In place of
N. Y. City.	Clearing-House Assoc'n....	Fredrick D. Tappen, *Pr.*	H. F. Vail.*
Ala....	First Nat'l Bank, Tuscaloosa..	John Little, Jr., *Cas.*....	J. McLester.
Conn ..	Mercantile National Bank.... Hartford.	J. W. Beach, *Pr*........	C. H. Northam.*
		C. C. Kimball, *V. P.*....	J. W. Beach.
Dakota	Lake County Bank, Madison.	F. W. Thaxter, *Pr*......	W. W. White.
		F. L. Soper, *V. P.*........	....
Ill.....	Springfield Marine and Fire Insurance Co., Springfield.	B. H. Ferguson, *Pr*......	R. F. Ruth.
		Henry Bunn, *A. C.*.......	....
Kansas.	Bank of Blue Rapids City......	J. L. Eldridge, *Cas.*.....	....
Ky.....	Farmers' Bank of Kentucky.. Henderson.	W. J. Marshall, *V. P.*...	....
		C. T. Starling, *Cas.*.....	L. H. Lyne.*
Md.....	Centerville National Bank.....	J. J. Hall, *Cas*...........	R. E. Feddeman.
Mass....	Massasoit Nat. B'k, Fall River.	E. W. Borden, *Cas.*.....	L. Borden.
Mich...	Union City National Bank.....	Ezra Bostwick, *Vice Pr.*,	*Acting Pr.*
N. H...	Union Five-Cents Sav. B'k.. Exeter.	Frank P. Cram, *Tr.*....	G. E. Lane.
N. J....	Merchants' Nat'l B'k, Newark..	Jay S. Treat, *Cas.*....	F. L. Luff, *Act'g Cas.*
" ..	Salem Nat'l Banking Co..... Salem.	Henry M. Rumsey, *Cas.*.	B. Acton.
		Frank M. Acton, *A. C.*..	H. M. Rumsey.
N. Y...	First National Bank, Aurora.	N. Lansing Zabriskie, *Pr.*	E. D. Morgan.
		Henry A. Morgan, *V. P.*	N. L. Zabriskie.
" ..	First Nat'l B'k, Cooperstown..	Theo. C. Turner, *Cas.*...	....
Penn...	Pardee & Markle, Hazelton....	Geo. B. Markle, Jr., *Cas.*	....
" ..	First Nat. Bank, North East...	Charles A. Ensign, *Cas.*.	J. T. McCord.
" ..	Safe Deposit Bank, Pottsville..	Charles H. Hazzard, *Cas.*	F. B. Kaercher.
" ..	Watsontown National Bank...	Joseph G. Durham, *Pr.*.	S. Rambach.*
" ..	York County Nat'l B'k, York..	Jos. E. Rosenmiller, *Pr.*.	D. F. Williams.*
Wis....	First National B'k, Manitowoc.	George B. Burnet, *Cas.*..	....
" ..	Clark County B'k, Neillsville..	Walter C. Brooks, *Cas*..	D. B. R. Dickinson.
Ont....	Canadian Bank of Commerce Galt.	B. R. McConkey, *Mgr.*..	W. Manson.
" ..	Merchants' Bank of Canada.. Owen Sound.	J. G. Fitzgibbon, *Mgr.*..	D. Miller.

* Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS

(Continued from November No., page 401.)

No.	Name and Place.	President and Cashier.	Capital Authorized.
2582	Farmers & Merchants' Nat'l B'k.. Uhrichsville, Ohio.	William B. Thompson. Charles S. Johnson.	$50,000
2583	Des Moines National Bank....... Des Moines, Iowa.	B. L. Harding. W. E. Hazen.	400,000
2584	Second National Bank........... Danville, Ill.	William P. Cannon. Thomas S. Parks.	100,000
2585	First National Bank .... Mandan, Dakota.	C. Edgar Haupt. Hiram R. Lyon.	50,000
2586	First National Bank .... Creston, Iowa.	S. H. Mallory. John S. Black.	50,000
2587	Pemigewasset National Bank..... Plymouth, N. H.	Nathan H. Weeks. Osmon B. Copeland.	75,000

No.	*Name and Place.*	*President and Cashier.*	*Capital Authorized.*
2588	First National Bank .... New Hampton, IOWA.	Alfred E. Bigelow. Arthur E. Bigelow.	50,000
2589	First National Bank .... Hiawatha, KANSAS.	Manning S. Smalley. Samuel A. Fulton.	50,000
2590	First National Bank............. Brainerd, MINN.	William Ferris. G. W. Holland.	50,000
2591	Commercial National Bank....... Detroit, MICH.	Hugh McMillan. Morris L. Williams.	250,000
2592	First National Bank............. Carrollton, KY.	Joseph A. Donaldson. James E. Barnett.	60,000
2593	People's National Bank.......... McMinnville, TENN.	Samuel L. Colville. Chatham Coffee.	55,000
2594	People's National Bank.......... Charlottesville, VA.	Charles H. Harman. William W. Flanagan.	50,000

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from November No., page 401.)

NEW YORK CITY....... F. M. Lockwood & Co.; admit E. P. Miller. C. R. Davenport retires.

" " " ...... Phelps, Stokes & Co.; will discontinue Dec. 31. Cause—death of James Stokes and illness of Isaac N. Phelps.

" " " ...... Van Dyck & Williams; dissolved by death of A. V. B. Van Dyck. W. B. & T. B. Williams continue. Same style.

ARIZ... Globe .... Stout, Fisk & Co.; out of business.

CAL.... Marysville...... Marysville Savings Bank; suspended.

COL.... Pitkin .... Hallock & Clemes; now J. H. Clemes.

" .. Salida.......... Bank of South Arkansas; to be Bank of Salida shortly.

GA..... Americus ...... First National Bank; in liquidation. Succeeded by Frank E. Burke.

ILL..... Byron .... A. B. Knowlton; assigned.

" .. Danville........ Vermilion County Bank; now Second National Bank. Same management.

IOWA... Creston .... S. H. Mallory & Co.; now First National Bank. Same management.

" .. Dyersville...... Farmers & Traders' Bank (J. M. Taylor); sold to George F. Ball.

" .. New Hampton. Chickasaw County Bank (Easton & Bigelow); now First National Bank. Same cashier.

KANSAS. Caldwell....... Merchants & Drovers' Bank (J. S. Danford); closed.

" . Cawker City.... A. Parker & Co.; succeeded by H. P. Churchill & Co.

" . Hunnewell..... Hunnewell Bank (J. S. Danford); closed.

" . Osage City .... Osage City Savings Bank (J. S. Danford); suspended.

MICH... Big-Rapids .... F. Fairman; now Fairman & Newton.

" .. Maple Valley... R. Kearney; attached. Since deceased.

MINN... Dodge Center.. C. S. Hardin & Sons; succeeded by Parsons Brothers.

" .. Mabel .... Fillmore County Bank (Adams & Co.); will close Dec. 31.

" .. Mankato .... Lewis, Shaubut & Hamilton; now Lewis & Shaubut.

" .. Wabasha ...... Exchange B'k (A. D. Southworth & Co.); succeeded by B'k of Wabasha. W. S. Jackson, *Pr.* Bruce Florer, *Cas.*

MO..... Moberly .... Avery, Woolfolk & Co.; succeeded by Exchange Bank. Adam Given, *Pr.* O. E. Hannah, *Cas.*.

OHIO... Uhrichsville .... Farmers & Merchants' Bank; now Farmers & Merchants' National Bank. Same officers.

TEXAS.. Eagle Pass. Ward & Byron; closed Nov. 30.

" .. San Antonio... Thornton & Lockwood; now Lockwood & Kampmann.

VA..... Charlottesville.. People's Bank; now People's National Bank. Same officers.

P. E. I.. Charlottetown.. Bank of Prince Edward Island; suspended.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from November No., page 402.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
ARK....	Camden	Bank of Camden...	....
		Charles N. Rix, *Pr.*	Charles K. Sithen, *Cas.*
COL....	Chipeta	Bank of Pitkin County.. .	American Exchange Nat'l Bk.
		E. L. Campbell, *Pr.*	Robert Bailey, *Cas.*
DAKOTA	Mayville.......	Goose River Bank........ (N. K. Hubbard & Co.)	Capital B'k, *St. Paul.*
" ..	Mandan	First National Bank.......	....
	$50,000	C. Edgar Haupt, *Pr.*	Hiram R. Lyon, *Cas.*
ILL.....	Danville.......	Second National Bank....	Gilman, Son & Co.
	$100,000	William P. Cannon, *Pr.*	Thomas S. Parkes, *Cas.*
IOWA...	Belmond	Iowa Valley Bank.........	Metropolitan National Bank.
		G. H. Richardson, *Pr.*	D. E. Packard, *Cas.*
" ..	Creston........	First National Bank......	Importers & Traders Nat. B'k.
	$50,000	S. H. Mallory, *Pr.*	John S. Black, *Cas.*
" ..	Des Moines....	Des Moines Nat'l Bank....	Fourth National Bank.
	$400,000	B. L. Harding, *Pr.*	W. E. Hazen, *Cas.*
" ..	Humboldt	People's Bank	Ninth National Bank.
	$27,000	George L. Tremain, *Pr.*	Joseph W. Foster, *Cas.*
" ..	New Hampton.	First National Bank.......	....
	$50,000	Alfred E. Bigelow, *Pr.*	Arthur E. Bigelow, *Cas.*
KANSAS.	Caldwell.......	Stock Exchange B'k. (To commence January 1).	
		John G. Woods, *Pr.*	Charles H. Moore, *Ca*
" ..	Hiawatha......	First National Bank.......	United States National Bank.
	$50,000	Manning S. Smalley, *Pr*	Samuel A. Fulton, *Cas.*
KY.....	Carrollton.....	First National Bank......	....
	$60,000	Joseph A. Donaldson, *Pr.*	James E. Barnett, *Cas.*
MICH...	Detroit.........	Commercial Nat'l B'k.....	....
	$250,000	Hugh McMillan, *Pr.*	Morris L. Williams, *Cas.*
MINN...	Brainerd.......	First National Bank.......	Metropolitan National Bank.
	$50,000	William Ferris, *Pr.*	G. W. Holland, *Cas.*
" ..	Durand........	Pepin County Bank...(A. L. Ward).	Jesup, Paton & Co.
MISS...	Canton........	A. W. Parker.............	....
MO......	Appleton City..	Merchants' Bank..........	American Exchange Nat'l B'k.
	$*15,000*	Edward Mason, *Pr.*	F. H. Miller, *Cas.*
N. H....	Plymouth......	Pemigewasset Nat'l B'k....	National Revere B'k, *Boston.*
	$75,000	Nathan H. Weeks, *Pr.*	Osmon B. Copeland, *Cas.*
OHIO...	Uhrichsville....	Farmers & Merchants' N.B.	United States National Bank.
	$50,000	Wm. B. Thompson, *Pr.*	Charles S. Johnson, *Cas.*
TENN...	McMinnville....	People's National Bank....	....
	$55,000	Samuel L. Colville, *Pr.*	Chatham Coffee, *Cas.*
TEXAS.	Caldwell.......	Jones & Hamilton........	S. M. Swenson & Sons.
WIS....	SheboyganFalls	Dairymen's Bank....... .	American Exchange Nat'l B'k.
	$10,000	John E. Thomas, *Pr.*	Frank H. Baack, *Cas.*
VA.....	Charlottesville..	People's National Bank....	Latham, Alexander & Co.
	$50,000	Charles H. Harman, *Pr.*	Wm. W. Flannagan. *Cas.*
ONT....	Fenelon Falls..	Denison, Westcott & Co..	....

The **Banker's Almanac and Register** for 1882 is now preparing for the press. Notice of new banks, changes of officers, etc., should be sent to this office immediately. Orders for *advertisements* must be in by December 20th.

NOTES ON THE MONEY MARKET.

NEW YORK, NOVEMBER 30, 1881.

Exchange on London at sixty days' sight, 4.80 *in gold.*

The most prominent financial events of the month have been the failures of the Mechanics' National Bank of Newark, and the Pacific National Bank of Boston. The stupendous mismanagement of these institutions, without the knowledge of bank examiners and bank directors, has disturbed the faith of many persons in the efficiency and honesty of the corporate management of money. Yet the uneasiness has not extended so far as to cause a perceptible diminution in the value of bank stocks, and the public, with whom alarm is often easily succeeded by forgetfulness, is not likely to be burdened with these occurrences very long.

These failures, however, and the loaning of large sums by the banks to speculators during the last few months, have excited two other inquiries which ought not to pass unheeded. One is, on what sort of collaterals are the banks making loans; and the other inquiry is, are they not helping speculators, to the great injury of legitimate business? The failure of the Pacific Bank has intensified the first inquiry, and while there is a feeling that Mr. Benyon's daring and reckless mode of doing business has been confined to himself, yet there is a fear that large sums have been loaned on very doubtful security, the value of which would be injuriously affected by very slight adverse causes. That the banks have done much to sustain the speculative fever by loaning freely to speculators is a fact too patent to be denied. It is very generally said that these institutions have gone further in this direction in Chicago than elsewhere. Their course has, doubtless, been a profitable one for themselves temporarily, but as these loans have been made to the manifest injury of the mercantile classes, ill feeling against the banks has increased which may finally terminate in a way not agreeable or profitable to them.

At the beginning of the month money was somewhat easier than it had been, and the balances in the banks increased, but this ease was not of long duration. Renewed speculative operations in grain and cotton in New York and elsewhere, the legitimate activity of money for ordinary business purposes, as well as the continued absorption of capital in railroad building, have drawn the funds away from New York, and the bank balances have diminished. Imports of specie have been trifling, and the Government has made only small disbursements for bond purchases, because the holders were not inclined to part with their securities at the price offered by the Treasury. Funds have moved Eastward more slowly than usual. The demand for money in the South and West is still very great, consequently high rates continue. Capitalists in many cases have shown an unwillingness to place their money on time loans, because they regarded a stringency of rates among the probabilities, and in the event

of such a contingency they would be enabled to put out their funds to better advantage. Subsequent events proved the correctness of their assumptions, and money-lenders still seem inclined to pursue that course.

The flow of specie towards America continues light, but a large unliquidated balance is still probably due to this country. The specie imports and exports from the 1st of January to November 28th, as compared with last year, is as follows:

	1880.		1881.		*Differences.*
Imports........	$56,834,961	....	$54,533,525	....	− $2,301,436
Exports........	8,778,129	....	10,494,639	....	+ 1,716,510

Speculation in stocks has tended toward lower prices, and large liquidations have taken place. Lower prices also prevail in all kinds of breadstuffs and petroleum. The grain speculators are engaged in one of the biggest financial operations the world has ever seen in trying to get the highest possible price for American grain, and yet not be underbid by other competitors. The operation has involved the locking up of vast amounts of capital, storing the elevators to their fullest capacity, and of putting a blockade on grain until its actual value in the markets of the world can be known, "not upon any standard of last year's prices," says the operator, "for no such standard applies, but according to the standard established by the ratio of the total existing demand to the total existing supply." That standard evidently is not easily found, and one can readily see the enormous risks involved in such a huge speculation.

Mr. Windom's refunding operations were entirely completed during the month. The total of the bonds continued at three and a half per cent. is $579,560,050, and the total cost to the Government was about $10,000, of which nearly $6,000 was for paper and printing the bonds, and for all other expenses, including the cost of making the exchanges of about $45,000,000 of the bonds in London, $4,499.08. This makes the expense of continuing each $1,000,000 of the bonds about $17.82. It is reported that Secretary Folger has directed a computation to be made by the Actuary of the Treasury Department, for the purpose of ascertaining at what premium the Government can afford to purchase four-and-half and four-per-cent. bonds, instead of calling in the three-and-a-half-per-cent. bonds, and at the same time protect the Government from loss. But since the last call for bonds, it is stated on good authority that the policy of his predecessor will be continued in regard to purchasing bonds.

The reports of the New York Clearing-house banks compare as follows:

1881.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Nov. 5...	$313,350,900	$60,913.500	$15.211,800	$292,082,500	$20,043,100	$3,104,675
" 12...	313,123,800	60,788,900	14,853,000	290,677,300	20,043,100	2,972,575
" 19...	315,182,300	59,949,700	15,276,000	291,088,500	19,962,400	2,453,575
" 26..	314,758,800	57,020,100	15,592,600	286,566,400	20,000,200	971,100

The Boston bank statement for the past four weeks is as follows:

1881.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Oct. 29.......	$154,270,800	$6,848,300	$4,060,400	$96,546,300	$31,871,600
Nov. 5.......	154,781,200	7,105,300	3,709,100	98,570,400	31,806,600
" 12......	154.282,100	6,895,200	3,724,600	98,220,300	31,885,100
" 19.......	153,194,600	6,569,400	3,634,400	97,595,700	32,070,400
" 26.......	151,006,900	7,614,600	3,725,500	95,416,100	32,156,300

The Clearing-House exhibit of the Philadelphia banks is as annexed:

1881.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
Nov. 5........	$76,066,829	$17,351,141	$66,423,240	$11,082,796
" 12........	75,532,039	17,331,496	66,302,069	11,113,815
" 19........	75,303,567	17,259,435	65,992,954	11,125,596
" 26..	73,942,244	17,895,621	65,284,902	11,122,340

We append the usual quotations of leading stocks for the month:

Quotations:	*Nov. 7.*	*Nov. 14.*	*Nov. 22.*	*Nov. 29.*
U. S. 6s, 1881, Coup...	101⅛	101¼	101⅝	102½
U. S. 4½s, 1891, Coup.	113	113⅜	113⅜	113½
U. S. 4s, 1907, Coup...	116¼	117⅛	116⅝	117⅝
West. Union Tel. Co..	87⅝	87⅞	85⅛	85⅜
N. Y. C. & Hudson R.	140⅜	139⅝	138¼	138½
Lake Shore...........	123	122	121½	121¾
Chicago & Rock Island	135¾	137	134½	135⅜
New Jersey Central...	96½	96⅝	93¼	95½
Del., Lack. & West....	128	127⅝	125⅝	126⅞
Delaware & Hudson..	109¾	110¼	108⅞	108
Reading.............	68¼	68	65½	66⅛
North Western........	127⅝	129¼	127	129⅝
Pacific Mail..........	45¾	47½	44⅛	45⅜
Erie..................	48⅜	47¼	46⅛	46⅝
Discounts............	6 @ —	6 @ 6½	6 @ 6½	6 @ 6½
Call Loans............	5 @ 6	5 @ 6	6 @ 6	6 @ 6
Bills on London........	4.81@4.84	4.81½@4.84½	4.80½@4.84½	4.81 @4.85
Treasury balances, coin	$75,799,450	$81,474,844	$84,646,781	$86,965,901
Do. do. cur.	$4,573,159	$4,530,944	$4,376,531	$4,426,653

DEATHS.

At New York City, on October 31st, aged fifty-eight years, George E. Gibbon, formerly President of the People's Bank of South Carolina, Charleston.

At Annapolis, Md., on November 20th, aged seventy-eight years, Alexander Randall, President of the Farmers' National Bank.

At Buffalo, N. Y., on November 16th, aged sixty-eight years, James D. Sawyer, President of White's Bank of Buffalo.

At Stonington, Conn., on November 15th, aged seventy-eight years, Stiles Stanton, President of the First National Bank of Stonington.

At Albion, N. Y., on November 20th, aged fifty-nine years, Alexander Stewart, President of the First National Bank of Albion.

At Lima, Ohio, on November 12th, aged sixty-two years, Shelby Taylor, formerly Cashier of the First National Bank of Lima.

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THE THREE-PER-CENT. FUNDING BILL.

Elsewhere will be found the text of a new bill, which has been approved by the Senate Finance Committee, providing for the funding of $200,000,000 of the three-and-half-per-cent. bonds at a slightly reduced rate of interest. The bill was not favored by the Secretary of the Treasury, and the objections to it are so numerous and apparent that one can hardly help wondering how it passed through the committee so easily and quickly. It may be that its opponents did not care for a hearing before the Senate Committee, feeling confident that its life was very short in any event.

No funding bill is in order until the questions are settled whether the present system of taxation shall be continued, and how much shall be applied toward paying the public debt. If Congress determines to continue the present system of taxation in its essential features and to apply the surplus in the present manner, then nothing is clearer than the wisdom of keeping all the three and a half per cents. within the call of the Government. To refund these into time bonds, like the fours and the four and a half per cents., is to put the payment of the debt beyond the reach of the Government. High as the premium is on the two latter classes of bonds, it would rise still higher if the Government could not call in the three and a half per cents. when it pleases. Its ability to get them without paying a premium is a very desirable power for the Government to possess, not only be-

cause of the saving which may be directly effected in discharging these bonds, but in giving an alternative to the Government in paying its indebtedness. If all the bonds were payable at fixed times the Government would be at the mercy of the bondholder, nor would he be slow to exercise his power.

But this, we fear, is the very reason why some persons are so desirous of changing the nature of the three-and-a-half-per-cent. bonds. They do not wish to have them paid, and they think if they can get a part or all of them changed into other bonds payable several years hence, they will succeed in accomplishing their purpose. The payment of a premium in order to get them would be very unpopular, and thus the hands and feet of the Government would be tied, and debt-paying would cease.

Now, one of the remarkable features about this movement to stop National debt-paying is, that it is confined very largely to bondholders. The tax-payers desire no such thing. The payment of interest is for the benefit of the bondholder, and he should not insist in fastening upon the country the policy of maintaining a perpetual debt for his benefit. If he succeeds he will discover after a time the distastefulness of the policy to the people, and the danger, when the shadows of distress fall, of their relieving themselves of their burden in a summary manner. Senator Sherman and his coadjutors are making a serious mistake in thus trying to tie up the power of the Government to reduce its debt, and holding up for imitation the policy of the debt-depressed governments of the old world. The American people desire to bequeath no such legacy as a National debt to future generations. Senator Morrill's recent speech on this subject has the true ring, and we wish it might be read by every one.

If the Senate bill were passed there would be a reduction only of $1,000,000 annually in the interest account. Surely this would be too small a saving to justify the sacrifice of the privilege now enjoyed by the Government. That million and many millions beside can be more easily saved by amending the Pension bill, so as to cut off the monstrous frauds now daily perpetrated by it. Economy is always in order, and the pension fraud is a most inviting field for all the economy debt-funders to enter. They can easily find out how to save not only a million dollars annually, but a great deal more than the entire interest for many years on the two hundred milions proposed to be refunded.

It is true that some persons profess to fear a collapse of the National banking system if the National debt is paid. But there is no real ground for such fears. The London *Economist* very pointedly says "that it would be monstrous to maintain a National debt simply for the purpose of basing a note

currency upon it; and if the debt were all swept away, there would be plenty of other and better foundations for a note issue left." There would be no difficulty in replacing the Government bonds with others quite as safe, and issuing a circulation based thereon and guaranteed by the Government which would be just as secure for the people as that now in use.

What the Committee of Ways and Means are likely to do about cutting down taxation and reducing the present surplus or diverting it to other uses it is too early to predict. The reference of the bill for reducing the tax on tobacco to the Committee of Ways and Means instead of agriculture, where its friends wished to have it go, is regarded as an indication that the House does not favor any radical change in respect to internal taxation. The House stands so much nearer to the people than the Senate that public opinion will be more clearly reflected in its action, and consequently there is less danger of an overturning of our present policy in the management of the debt than there would be were the Senate the controlling force.

RENEWAL OF THE NATIONAL BANK ORGANIZATIONS.

Within fourteen months the charters of three hundred and ninety-three National banks expire, and doubtless at an early day Congress will be asked to amend the law so as to permit them to continue their business. It is true that under the existing law they can reorganize, but this is not an easy process. The affairs of the existing corporation must be settled; the surplus, if any exists, be divided; and in the event of a reorganization trustees, executors, and others acting in a fiduciary capacity would probably have no authority to subscribe for stock in the new organizations.

The great merits of the National banking system none will deny. It has been carried to a higher degree of perfection than any previous system. Its earlier defects have been remedied, and although the system is not perfect, yet no one has the hardihood to attempt the uprooting of it with the hope or expectation of putting a better one in its place.

One of the worst errors at present adhering to National banking does not grow out of the system, but out of the possession of money—the feeding of the fires of speculation. This has been done on a gigantic scale during the last few months, but it would have been done just as quickly under any other banking system, or perhaps if there were no banks at all. Indeed, far as the banks have gone in this direction, their managers probably have been somewhat restrained by

the consideration that they were acting for others and not wholly for themselves.

It is probable that some amendments will be engrafted upon the law, especially one preventing the banks from suddenly retiring their currency without any notice. Within a few months a large amount has been thus suddenly retired, causing a sharp disturbance in the money market. Such a provision would seem to be wise in order to prevent a rapid and unprepared contraction of the currency. Possibly, too, the recent bank failures may suggest how bank examinations can be conducted with more efficiency. But the law, in its main features, is not susceptible of many improvements, and there will be much surprise should opposition arise to renewing the life of the banks now existing. They have performed a good service to the country, far outweighing all evils springing from the system.

THE PRESENT ASPECT OF THE SILVER QUESTION.

The recent utterances of the President, the Secretary of the Treasury and the Director of the Mint on the silver question have invested it with a fresh interest, although it will not be denied that these officials have given this prominence to the question because it is so vital to the people. It is clearly seen that the time has nearly come when, if the coinage of silver is continued in any considerable quantity, a disturbance will be created in our circulating medium. The quantity of silver dollars thus far injected into it has produced no harmful result; but surely this cannot be done much longer without producing very injurious consequences.

When this question was revived a few years ago, those who discussed it most actively were divided into several classes. First may be mentioned those who stoutly maintained that it was impossible to form a harmonious union between gold and silver; they might be legally married, it was admitted, but such a marriage would be after all only a sham; there could be no real union between the two metals. Secondly, there were those who contended that such a union was entirely practicable; others strenuously urged that some nations ought to use gold as a basis of their monetary circulation, and others silver. There was another class, however, having no clearly cut opinions, but who maintained an attitude of expectation, waiting for events to unfold themselves before determining what ought to be done toward reaching a definitive solution of the question. They kept their minds open to learn, and then to decide

Now, since the first appearing of the question, several facts have clearly risen into view which cannot be ignored in settling it in a satisfactory and durable manner.

First, of the two metals, gold surpasses silver in many ways in its fitness for money, and if there were enough to supply all the more enlightened nations of the world, it would be desirable to use gold alone for a monetary standard. Of course, we do not mean to assert that silver might not be advantageously used for a subsidiary coinage. Our remark only applies to the use of gold as a standard of value. It is true that in using the two metals there is a tendency to the equalizing of their values, because the one possessing the least value is more employed than the other, and the effect of thus employing it is to appreciate its value and to depreciate the value of the other. Nevertheless this and every other advantage arising from the use of the two metals are not equal to the disadvantages of using both, if there were gold enough to satisfy the monetary needs of the world.

Secondly, the events of the last few years have strikingly shown that there is not gold enough to supply those nations which want it to form the basis of their circulating medium. What, then, do we see? A scramble among European nations for gold which is likely to give birth to very serious consequences.

Thirdly, while it is desirable for nations to move toward the adoption of a single gold standard, nothing can be clearer than that this step must be taken slowly, and any attempt to do otherwise is sure to prove very costly.

When the California mines were discovered, the tariff of 1846 was in full operation, by which the flood-gates were opened to foreign importations. All the gold found there was transported to New York and other cities on the Atlantic, remained in them a short time, and was then sent across the ocean to liquidate the balance of trade which was constantly accumulating against us. The civil war followed, and what gold we had left was not needed after the suspension of specie payments, and that too vanished from the country. With such enormous quantities pouring into Great Britain, it was easy for her to accumulate enough gold to form a broad and safe basis for her monetary circulation. France also, and other European nations, though not getting so large a share, yet added largely to their store.

Gold, therefore, was so plentiful that it came into very general use, and its manifest advantages are so great that the desire of gold-using nations to use it exclusively for a monetary basis is very natural, and if they were content to accumulate the amount needed for that purpose more slowly no derangement to business would ensue.

But what has happened? The civil war in the United States has ended, specie payments are resumed, and a part of the gold which was sent from America to Europe is wanted. The European nations do not like to part with it; they too wish to have their circulation based on gold; but there is not enough to go around; and hence they originate measures to prevent it. The rise in discounts, if long continued, would prove a costly method to prevent the outflow, and if the outward demand should become very great, even that method of preventing the exportation of gold, it is conceded, would not prove sufficient.

Now, the one fact which has become very clear is, the supply of gold is too limited to meet the demands of all the nations desirous of using it, and the attempt to get and to retain it on the part of some of them is sure to lead to business derangements. Two courses, therefore, lie open; one course is for some nations to use gold and others silver; or for the nations to use both metals by agreement to maintain their value at an established ratio. Though gold and silver possessed value before they were used as money—otherwise they never would have been thus employed—yet their chief value to-day is due to this function which they have so long and well performed. It is clear, therefore, that the dethronement of either metal to any considerable extent must affect its value, and that by widening its use its value is enhanced. The value of the precious metals is therefore very largely in the keeping of the nations of the world; they can appreciate or depreciate their value by extending or narrowing their use. These facts who will deny?

It is strenuously asserted, however, that the nations cannot establish and maintain a ratio of valuation between gold and silver which shall at all times perfectly correspond with the actual valuation. To history is the appeal triumphantly made for proof of this assertion. Nor can it be denied that the legal ratio has often varied from the actual ratio.

Two points, however, are worthy of note in this connection. One point is that as the value of these metals is dependent more and more on their use as money their value is falling further within the control of governmental action; and the other is, even if it be admitted that Governments cannot regulate their ratio perfectly, would not the disadvantage, confusion and loss arising from the use of both be far less than the loss from the use of only one?

The evil consequences of all the leading nations attempting to use only gold as a monetary standard are beginning to appear so clearly that many who once favored only a single gold standard have modified their views, while it cannot be said of the advocates of the double standard that any of them have discovered new reasons for departing from it.

To secure international unity on this subject, is it not clear

that our Government should at once cease to coin any more silver than is needed for a subsidiary coinage. To continue the present policy is to delay the object which the Government is desirous of effecting.

Of course, the Government might abandon a gold basis altogether, but this surely is not desirable, and only a very few would be pleased with the adoption of such a policy. To establish a double standard, however, the true policy is to keep as little silver and get as much gold as possible; thus impelling other nations to unite with us in establishing a ratio between the two metals. So long as we absorb silver, as we have been doing, we are feeding the hopes of other nations that perhaps our present singular policy will at last trip us up and land us on a purely silver basis. This hope we should instantly dispel.

The screws would have been turned more tightly on the European gold-keepers during the last few months if the speculators had not driven up the price of grain so high as to curtail heavy foreign shipments. But although the foreign market has been partly supplied from other sources, so that we are likely to find difficulty in selling our surplus, even at lower rates, yet a large balance is supposed to be due to us, and the payment of this must hasten action on the part of European nations to establish an agreement concerning the use of the two metals. The recent recommendations of the President and the other officers of the Government, in respect to stopping the coinage of silver, have been very generally approved throughout the country, and rightly too, because such a change of policy will forward the end desired, namely, the use of both metals with a ratio established and maintained by most of the leading European nations.

THE REPORT OF COMPTROLLER KNOX.

Mr. Knox's report is lengthy, but very able and interesting. A large number of important subjects are discussed, and numerous tables are given, which will be of great worth to those in search of information concerning banking and kindred financial matters. We shall not attempt to analyze this document, but there are a couple of points to which we propose to devote a little space.

One of these is the part played by bank checks in the affairs of business. In the beginning exchanges were effected by means of barter. Of such a time Homer sings:

> "From Lemnos isle a numerous fleet had come,
> Freighted with wine. . . .
> . . . All the other Greeks
> Hastened to purchase, some with brass, and some
> With gleaming iron; some with hides,
> Cattle or slaves."

Now among the most highly civilized nations the same system prevails with a slight difference. Formerly the exchanges were made directly, which was often a very difficult and clumsy process; while now they are made in credits, which results in the highest possible economy. A shipper sends a cargo of wheat to England, but, instead of getting gold, silver, or bank notes for it, he gets a bill of exchange which represents a quantity of railroad iron of equal value that has been sent to this country, so that when the transaction is completed, the cargo of wheat has been exchanged for railroad iron. Now, by using bills of exchange, promissory notes, bank checks and other similar devices, these enormous exchanges are effected, and the only use of money is in paying small differences; indeed, the use of money is so slight in making them, that it is really only the small change of commerce.

Were it not for these instruments, the amount of money necessary to conduct these transactions would be enormous. All the gold and silver, bank notes and legal tenders would not begin to supply the need. Banish these instruments from use, and the dearth of a medium to effect exchanges would quickly appear. A great part of the business of the world would come to a sudden stop. The ordinary monetary circulation would utterly fail to accomplish such a vast work.

Comptroller Knox has brought out the truth of these observations very strikingly in some tables containing an analysis of the business of the banks. The 17th of September the receipts of all the National banks, numbering 2,132, were $295,233,779. What formed these receipts? Only 1.38 per cent. was gold coin, 0.17 per cent. was silver, and 4.36 per cent. was paper money. The balance, 94.09 per cent. was composed of checks and drafts, including clearing-house certificates. This portion of his report will repay careful study, because it furnishes convincing proof of the insignificant part which specie and paper money play in effecting exchanges, and how perfectly this work is done by devices which men from time to time have created, without ever a thought of having the Government provide them.

Another feature of the Comptroller's report is his allusion to the aid furnished to speculators by the banks. This is a topic on which he might have longer dwelt with great profit; yet the facts given will arrest attention. The Comptroller says:

The checks received by the banks in New York city, including both State and National, on the 30th of June, 1881, and which were cleared on the following day, amounted to 141 millions. Of this amount, 113 millions were cleared by twenty-three banks, all of which have relations to a greater or less extent with brokers. From an examination of the clearings of each of these twenty-three banks, it was found that the total of certified checks on that day amounted to about 80 millions, of which it is probable that at least 90 per cent., or 72

millions, represented stock transactions. About ten per cent. of this amount should be allowed for the daily payment and reborrowing of loans by brokers, which is accomplished by means of certified checks. It is therefore estimated by those who are conversant with these subjects, that of the 141 millions of exchanges, about 65 millions represent stock-exchange transactions.

There are really no data upon which a conclusion can be obtained as to what proportion of these large stock transactions are speculative, and what legitimate or for investment. It is estimated, however, by those who have had long experience in the business, that not more than five per cent. of all purchases and sales at the Stock Board are for investment account. Assuming that these estimates are reasonable, it would follow that about 60 millions of the 141 millions of clearings upon June 30, or about three-sevenths of the whole, represent the speculative transactions of the Stock Board, and that 81 millions, or four-sevenths, represent legitimate business transactions.

Comptroller Hulburd, in his report for 1868, discussed the subject more pointedly, and his remarks, especially at this time, are worthy of perusal. He declared that the speculators in New York at that time, not content with absorbing $70,000,000 of capital $120,000,000 more of fictitious capital was created for them by means of certified checks, "which, by an ingenious arrangement, after being traded on the street, are finally traded back to the banks that issue them, without materially increasing or diminishing the cash deposits. Many of the largest and best managed National banks in New York deprecate the practice herein set forth, and look with anxiety and alarm toward the final issue; but they are all involved in the danger. The failure of one or more institutions, through reckless management, would endanger the whole. If all bankers were wise and prudent, no law would be required to restrain them ; but they are in the position of trustees—trustees for their stockholders, trustees for their depositors, and trustees for the public. If they habitually engage in practices dangerous to stockholders, depositors and the public, the law may be invoked to provide a remedy. It is not becoming that institutions organized under an act of Congress for the public good should so far pervert their corporate powers and privileges as to work detriment to the public interests."

It is very clear that some of the banks have been altogether too helpful to the speculators, and the facts and admonitions of Comptroller Knox and his predecessors ought not to pass unheeded.

California Savings Banks.—One can get some idea of the wealth of the mines on the Pacific coast from the fact that in 1877 there was $76,000,000 on deposit in the savings banks of California. This is the largest amount of money ever held by the banks of the State at one time, and its accumulation was the result of the mining prosperity that had prevailed for some time previous.

THE VALUE OF RAILROAD PROPERTY.

Like every other kind of property, the value of railroads depends on the size of their earnings. It is true the Wall-Street mode of valuation is very different from the old-fashioned rule, but its accuracy is constantly questioned. The magical mode practised by the speculator is admirable for his business, but extremely poor for investors. Sooner or later the latter class will find this out. The railroad stocks, which are selling to-day at high figures, and yet are worth but very little, if anything, are enormous. Those whose confidence in the future growth of our country is unbounded, and who think that it is hardly possible to build too many railroads, would do well to consider how many of those now existing pay dividends. We propose to throw a ray of light on this subject, for surely it is needed, although it is quite probable that in order to learn that fire will burn fingers must be inserted therein, just as people have always done.

Beginning with Maine, the cost of the railroads of that State, according to Poor, have been $39,434,181. Of this sum $11,267,843 represented railroads earning dividends. One railroad, however, the Atlantic and St. Lawrence, represented $8,484,000 of this latter sum, and only five others of the whole number in the State, representing a capital of $2,783,843, paid dividends.

The record for New Hampshire is better. The total cost of its twenty-six railroads is $26,455,058. Of these eighteen pay dividends, representing $19,709,852.

Vermont has sixteen railroads. Only four pay dividends, costing $6,512,626. The balance thus invested is $29,845,018. Of this sum $9,508,000 is represented by the Central Vermont.

There are fifty-one railroads in Massachusetts, which cost $152,843,129. Twenty pay no dividends. Yet they cost $59,317,654. Of this sum the Eastern represents $7,908,700; New York and New England, $28,704,241, and the Hoosac Tunnel, $13,939,972.

Of the dozen railroads in Rhode Island only one pays, the New York, Providence and Boston, whose cost is $3,277,593. The remaining capital thus invested in that State is $2,577,432.

In Connecticut $51,176,566 has been invested in twenty railroads, seven of which pay, representing $26,831,469. Of this sum the New York, New Haven and Hartford represents $15,733,002.

Reaching New York we find there are one hundred and

thirty-two railroads which have cost $572,786,895. On more than one-half of this vast sum no dividends are paid. Only thirty-four pay dividends, whose cost is $240,593,596. But these figures include the Metropolitan and New York Elevated Railroads, which cost $53,038,332, and are not paying dividends now. Of those not paying dividends the Erie is the most conspicuous. Its cost is reckoned at $158,035,707.

New Jersey has invested in railroads to the amount of $154,774,489. There are sixty-one railroads in the State, and of these twenty pay dividends, whose cost is $83,909,794. The Morris and Essex and the United represent $70,580,139 of this sum. Of those not paying, the Central represents $26,926,272, and the Lehigh Valley $10,412,929.

Pennsylvania has one hundred and forty-five, costing $420,490,980. Forty-six pay dividends, representing $219,803,444. The Pennsylvania represents $63,263,073 of this amount. Among those not paying is the Reading, which cost $39,868,531.

Of the twenty-one railroads in Maryland only the Baltimore and Ohio and its Washington branch pay, which represent $52,480,767 of the $78,627,467 thus invested.

Going further South, no railroads in West Virginia, Florida, Alabama, Mississippi, South Carolina, Texas and Arkansas pay anything. Only one railroad in Louisiana pays a dividend, a small one, costing $800,000. On the remaining $44,069,349 put into railroads no dividends whatever are paid.

Nor is the record of Virginia much better. There are twenty-five railroads in the State costing $111,460,670. But only five of them pay, which represent $13,149,977.

Two of the fourteen railroads in North Carolina pay, representing $8,265,060 of the $23,807,234 invested in these enterprises.

Georgia makes a better showing. Of the twenty-six railroads eight of them pay, which represent $31,428,898 of the $49,676,723 they have cost.

Only three of the eighteen railroads in Tennessee pay. These are very important corporations; the Nashville representing $14,360,900, though paying only 3½ per cent. dividend, while the East Tennessee representing $9,186,090 paid only three per cent. The other railroad paying a dividend was the Nashville and Decatur. Its cost was $4,151,728. Those not paying cost $18,908,023.

There are twenty railroads in Kentucky. Two of them are flourishing enterprises, the Louisville, Cincinnati and Lexington, costing $5,995,353, and the Louisville and Nashville, which cost $32,703,932. But there are $30,562,611 of railroad property on which no dividends are paid.

In Ohio $493,509,847 have been invested in seventy railroads. Seventeen of these pay dividends, the cost of which

is $198,701,969. Lake Shore and Michigan Southern represents $79,978,000 of this amount.

Six of the thirty eight railroads in Michigan pay. Their cost is $48,270,847, but the Michigan Central represents $28,709,732 of this sum. The others, costing $87,816,114, pay nothing.

In Indiana there are thirty seven railroads, which cost $213,462,348. Three of them costing $12,999,357 paid a dividend; and the Wabash, in which $83,923,952 has been invested, paid last year a dividend of 1¼ per cent.

Illinois has invested heavily in railroads. Its fifty-eight railroads have cost $390,922,563. Eleven of them pay, representing $294,745,570. Of this sum the Burlington and Quincy represents $109,596,187, Rock Island $35,682,202, Northwestern $73,865,795, Illinois Central $34,040,854.

Only one of the thirteen railroads in Wisconsin pays a dividend—the Chicago, Milwaukee and St. Paul, which cost $99,185,683. The amount there invested paying nothing is $53,321,893.

Only one of the eleven railroads in Minnesota pays a dividend, and that is very small—1¾ per cent. This is paid by the Chicago, St. Paul and Minneapolis Railroad, which cost $37,842,200. The other ten railroads cost $156,782,634.

Four of the twenty-nine railroads in Iowa declare dividends. These represent $29,457,385. The amount invested not yielding dividends is $59,779,215.

In Nebraska a branch of the Burlington and Quincy pays, and also the Union Pacific, which cost $154,743,629, and is the principal railroad enterprise in the State. The cost of the other railroads is $16,113,000.

Of the Kansas railroads, the Atchison, Topeka and Santa Fé, costing $26,866,326, pays a dividend. The Kansas City, costing $9,538,056, pays a dividend on its preferred stock. But $37,257,502 have been invested in that State on which no dividends are declared. There are eighteen railroads in the State.

The railroads in Missouri make a very poor showing. Only one pays on the common stock, the Missouri Pacific, which cost $32,412,211. Excluding the St. Louis bridge, $215,058,761 have been invested in twenty-nine railroads.

A vast sum has been invested in railroads in California, amounting to $258,360,047. The Central Pacific, which cost $147,578,334, pays, and so does the Los Angeles branch, representing $510,321. The other twenty-nine railroads do not pay.

Lastly are the railroads of Oregon. The largest concern is the Oregon Railway and Navigation Company, representing $11,948,722, which pays, but the other railroads costing $5,666,012 do not.

Our investigation may be summarized as follows:

State.	*Cost of Railroads.*	*Paying.*	*Non-paying.*
Maine	$39,434,181	$11,267,843	$28,166,338
New Hampshire	26,455,058	19,709,852	6,745,206
Vermont	36,357,644	6,512,626	29,845,018
Massachusetts	152,843,129	93,525,475	59,317,654
Rhode Island	5,855,025	3,277,593	2,577,432
Connecticut	51,176,566	26,831,469	24,345,097
New York	572,786,895	240,593,596	332,193,299
New Jersey	154,774,489	83,909,794	70,864,695
Pennsylvania	420,490,980	219,803,444	200,687,536
Maryland	78,627,467	52,480,767	26,146,700
Louisiana	44,869,349	800,000	44,069,349
Virginia	111,460,670	13,149,977	98,310,693
North Carolina	23,807,234	8,265,060	15,542,174
Georgia	49,676,723	31,428,898	18,247,825
Tennessee	46,606,741	27,698,718	18,908,023
Kentucky	69,261,896	38,699,285	30,562,611
Ohio	493,509,847	198,701,969	294,807,878
Michigan	136,086,961	48,270,847	87,816,114
Indiana	213,462,348	96,923,309	116,539,039
Illinois	390,922,563	294,745,570	96,176,993
Wisconsin	152,507,576	99,185,683	53,321,893
Minnesota	194,624,834	37,842,200	156,782,634
Iowa	89,236,600	29,457,385	59,779,215
Nebraska	170,856,629	154,743,629	16,113,000
Kansas	64,123,828	36,404,382	27,719,446
Missouri	215,058,761	32,412,211	182,646,550
California	258,360,047	148,088,655	110,271,392
Oregon	17,614,734	11,948,722	5,666,012
Delaware	3,854,591	2,116,433	1,738,158
West Virginia	11,620,622	——	——
South Carolina	30,424,656	——	——
Florida	6,495,000	——	——
Alabama	78,162,210	——	——
Mississippi	8,176,072	——	——
Nevada	22,628,157	4,428,157	18,200,000
Arkansas	18,438,045	——	——
Texas	102,178,143	——	——
Colorado	34,945,951	1½ per cent.	——
Arizona	29,599,621	——	——
Utah	6,334,000	——	——
Totals	$4,497,618,882	$2,052,854,692	$2,117,351,712

WAR LOANS OF 1812.

[CONTINUED FROM DECEMBER NUMBER.]

In March, the next year, the President was authorized to borrow $25,000,000, without restriction, save that the loan might be paid whenever the Government desired, after twelve years. A loan was opened the 2nd of May for ten millions only, as the Secretary of the Treasury believed he was more likely to succeed than if he attempted to get the whole amount at once. The sums offered amounted to $11,900,806, of which $2,671,750 were at less than eighty-eight per cent., and $1,183,400 at less than eighty-five. Of the $9,229,056 offered at eighty-eight per cent., a condition accompanied the offer of $5,000,000 that if terms more favorable to lenders were allowed for any part of the entire loan, the same terms should be extended to all. Notwithstanding this condition, the need of money was so great that the loan was

accepted. In doing so, the Treasury thought of the early return of peace, the importance of maintaining in the meantime the public credit by sustaining the price of the Government stock, and also that the contract was sanctioned by precedent. Had the five-million offer been rejected, the amount offered at eighty-eight per cent. would have been reduced to less than $5,000,000—a sum altogether inadequate to the public demands; or, by depressing the stock to eighty-five per cent., only a little more than $6,000,000 would have been received. Offers amounting to $566,000 were subsequently made and accepted on the same terms as those described. Thus the loan was augmented to $9,795,056.

The loan was to be paid in four installments. Campbell was Secretary of the Treasury, but he possessed neither the requisite talents nor the physical strength to perform the duties of his office. Consequently, the business of negotiating loans was very largely confided to Mr. Sheldon, the chief clerk, who was opposed to the war, and unceasing in his efforts to throw obstructions in the path of those who were trying to aid the Government. It was agreed in the beginning that when installments were paid funded stock should be issued. When, however, the first installment was paid, instead of issuing funded stock therefor, the Secretary issued scrip certificates for the amount, retaining the stock as security for the payment of the other installments. The holders desired stock, because they could pledge it to the banks or sell it; but they could do nothing with their certificates save to keep them until all the installments were paid, and then exchange them for stock. After long importuning, the Secretary concluded to issue certificates of funded stock for nineteen-twentieths of it. "This one-twentieth part," he says in a letter to Barker, the largest lender, "is retained in scrip as the assurance for the payment of the next installment." The certificates of stock did not mention a very important part of the agreement, namely, that if subsequent participants in the $25,000,000 loan obtained better terms, the advantage should accrue to all lenders of money to the Government under that loan. This omission excited distrust and dissatisfaction. Such treatment of the lenders by the Secretary did not improve the credit of the Government. At a time when money was sorely wanted at almost any price, the policy of estranging public lenders by changing the conditions of a formal contract without their consent was as unexpected as it was disastrous, both to the Government and to individuals. Some of those who had promised to lend money were unable to fulfill their promises. Had the Secretary of the Treasury promptly issued stock when the installments were paid, the lenders would have been able to borrow money by pledging the stock, and thus secured funds for paying further installments.

In August proposals were invited for a loan of $6,000,000. The whole amount offered was only $2,823,300, of which sum $100,000 were at rates less than eighty per cent., and $2,213,000 were at the rate of eighty dollars in money for one hundred dollars of six-per-cent. stock. The remaining sum of $510,300 was offered at various rates between eighty and eighty-eight. Notwithstanding the reduced rate at which the greater part of the money was offered, as the market price of the stock hardly exceeded eighty per cent., and there was no prospect of getting money on better terms, the amount offered even at that low rate was accepted. At that price there was another subscription for a small amount, but this was more than swept away by those who failed to execute their proposals, so that of the $6,000,000 wanted, only $2,520.300 could be borrowed.

The failure of this loan was intensified by the unpleasant consideration that, having agreed to sell its stock at a discount of twenty per cent., the Government was obliged to grant a further discount of eight per cent. to those who had subscribed to the ten-million loan. The Treasury Department at first declined to issue supplemental stock for the difference, although its obligation to do so could not have been more clearly expressed. Moreover, to refuse to recognize the just claims of creditors at such a critical emergency, when the credit of the Government had ebbed so alarmingly low, was an extraordinary act of folly. When Dallas succeeded Campbell he was willing to acknowledge the justness of the claim, but required the lenders to waive every future claim of the kind, whatever might be the price of his selling Government stocks. They insisted on receiving their supplemental stock, at the same time they would not relinquish any right that might grow out of their contract. Jacob Barker, who was the heaviest lender, represented the whole number, and he pressed their claim with great energy. Finally Dallas acceded, and the supplemental stock was issued without any modification of the original agreement, and the lenders, if they desired, could demand additional issues of stock if the Government sold more at lower rates.

The experiment was now tried of negotiating a loan in Europe. These had been successful under the Confederation and during the early years of the Government, but from that quarter nothing could be drawn at this truly critical hour.

There were now in circulation nearly $8,000,000 of Treasury notes, more than one-half of which were redeemable during the last quarter of the year. A part of them, it was believed, could be replaced with new notes, yet more than $6,000,000 would still remain in circulation, which the experience of the last two years had shown to be as many as would freely circulate so long as the public confidence in bank notes was maintained. The Secretary of the Treasury

indulged in the hope of circulating a few more by issuing notes of a smaller denomination, but in no event did he expect that the amount would be increased.

The prospect, therefore, of raising funds to sustain the Government was indeed cheerless, and grew darker every day. All the banks, save those of New England, had suspended specie payments, and their issues were now resting on miry ground. Campbell was Secretary of the Treasury, and though he had held the office for only a short time, he was sinking under the heavy burden he was trying to bear. If more loans must be issued he suggested that additional inducements should be offered to capitalists to advance money, by affording an ample and unequivocal security for the regular payment of the interest and reimbursement of the principal of such loans as might be obtained. This could be effected by establishing an adequate revenue, and by pledging it specifically for that purpose. He also suggested whether the Treasury notes, by augmenting the rate of interest they bore and securing their payment as well as their eventual reimbursement by an adequate revenue pledged for that purpose, would not have better credit and their circulation be encouraged, and thus answer with more certainty the purposes of the Government.

One thing was clear, the plan of finance adopted at the beginning of the war had proved unsuccessful. On no reasonable terms could loans be annually obtained for the amount of extraordinary expenditures occasioned by the war. Says the new Secretary, Dallas: "The experience of the present year furnishes grounds to doubt whether this be practicable, at least in the shape in which loans have been hitherto attempted. Nor is it even certain that the establishing and pledging of revenues adequate to the punctual payment of the interest, and eventual reimbursement of the principal, of the sums which will be required for the service of the year 1815, would enable the Treasury to obtain them through the medium of loans effected in the ordinary way." He therefore favored the policy of deeper and wider taxation—enough to pay a portion of the war expenditures.

A similar opinion was echoed by the Committee of Ways and Means a few months later. "A reliance on loans, in the present situation of this country, would be uncertain, and the terms on which they could be obtained not such as to induce a resort to them at the present moment." The credit of the Government was gone.

How, then, were funds to be provided for carrying on the war? The Committee of Ways and Means could think of no better mode than to issue Treasury notes combined with a system of increased taxation. The want of some medium, it was affirmed, which should rest on a solid basis, unite public confidence, and have a general, instead of a local,

circulation, was universally acknowledged. The stoppage of specie payments by the principal banks of the Middle States had greatly embarrassed the operations of the Treasury and, by confining the circulation of notes to the limits of the States within which they were issued, had deprived the Government of all facilities in remitting money which was afforded, while public confidence gave to bank notes a general circulation. The notes of New York and Philadelphia would not be received in Boston. The notes of Baltimore or of the District of Columbia would not answer for payments in Philadelphia. If, therefore, Treasury notes could be made to supply the place of a circulating medium between the different States, they would greatly facilitate the operations of the Government, and free from embarrassment the transactions of individuals. To secure these ends the Committee proposed to issue the notes in sums sufficiently small for the ordinary purposes of society; to allow the individual who held them to fund them whenever he desired at any of the loan offices, and to receive the amount in stock of the United States, bearing eight per cent. interest; to make them payable to bearer and transferable by delivery; receivable in payment for public land and taxes; and lastly, to pledge for the payment ot the amount issued, whatever internal duties were needed. To prevent an excessive accumulation of them, the Committee proposed that the Government should retain the power, after six months notice, to redeem them with specie, or exchange them for stock bearing six per cent. interest. If these things were done, and taxes were imposed which should manifest clearly the ability of the Government to meet its engagements, they confidently believed the difficulties surrounding it would vanish, confidence be restored, "and the capital hoarded by avarice, or locked up from timidity," would appear in the accustomed channels of circulation. Congress, however, declined to change the mode of issuing them, and $7,500,000 were authorized in the former way, though at the time of doing this nearly $22,000,000 were due and unpaid.

Toward the close of the year Jefferson suggested the expediency of issuing paper money gradually to the amount of $200,000,000. "He had," says Gallatin, "from the imperfect data in his possession, greatly overrated the amount of paper currency which could be sustained at par, and he had, on the other hand, underrated the great expenses of the war. Yet we doubt whether," so Gallatin adds, "in the state to which the banks and the currency had been reduced, much greater issues of Treasury notes, or other paper not convertible at will into specie, would have become necessary if the war had been of much longer continuance."

To evade the possible consequence of issuing more supplemental stock to the holders of the twenty-five-million loan,

a new loan for $3,000,000 was authorized by Congress, although the proceeds were to be devoted to the same purposes as the money derived from the former one. This subterfuge was too transparent to be successful. The loan was opened and the stock was taken principally by the banks west and south of New England; but as they had suspended specie payments, although they paid eighty dollars a share for their stock, yet their notes were equivalent only to sixty-five in specie—the money in which the holders of the twenty-five-million loan had paid for their stock. They now insisted on receiving the difference of fifteen per cent. in stock, but this claim was stoutly resisted. Dallas asked for the evidence that was required to prove the claim. Just as the demand was, over forty years passed before the claim was allowed. Again and again was it placed before the Secretary of the Treasury and before Congress, but its acknowledgment was delayed. Not until 1855 did Congress render justice, and authorize its payment.

In the Secretary's annual report he proposed to emit $15,000,000 of Treasury notes in such denominations as he might direct, with the approval of the President. Those for twenty dollars or more were to be payable to order, and bear an annual interest of five and two-fifths per cent.; those for a smaller sum were to be payable to the bearer, and carry no interest. They were to be exchangeable, however, in sums not less than one hundred dollars for certificates of stock bearing seven per cent. interest, and redeemable after twelve years from date. The notes were to be receivable in all payments throughout the country, but in such cases could be reissued. They were to be payable in five annual installments. The reimbursement of the notes was to be effected either by the payment of the principal and interest to the holders, or by taking out of circulation and destroying the amount of the installment in notes paid to the United States for duties, taxes, or other demands.

Two months later the Secretary referred to the subject in a communication to the House. The total issue, including those which had been ordered, was $18,637,436.80. Shortly afterward Congress authorized the issue of $25,000,000, adopting the mode recommended by the Secretary of the Treasury. The law was enacted the 24th of February. It was soon discovered that the small notes, which were convertible into stock bearing seven per cent. interest, though convenient for a circulating medium, were thus converted almost as soon as they were issued. Accordingly, their issue was restricted to cases of peculiar urgency, like paying the army, preparatory to its reduction; payment of dividends on the public debt when local currency could not be procured, and the payment of an inconsiderable amount of miscellaneous claims. The total amount issued for these

purposes to the end of September was $2,777,860. A small quantity was sold for the purpose of raising funds to meet the general engagements of the Treasury. The amount was $1,365,000, which were sold at an advance of $32,107.64. The notes of a larger denomination than twenty dollars, which could not be converted, were issued in larger quantity.

About the same time that Congress was authorizing the issue of these Treasury notes, authority was granted for making the final loan of the war. Dallas had recommended a loan of $25,000,000 on the most advantageous terms that could be obtained. Congress limited the sum to $18,452,800, and allowed the Secretary of the Treasury to accept in payment Treasury notes which had been previously issued.

The loan covered the following issues of Treasury notes.

Those payable on the 1st of January, 1815, the principal and interest of which due and unpaid amounted to	$2,799,200
Later issues	620,000
Notes payable almost daily from the 11th of March, 1815, to the 1st of January, 1816	7,227,280
Those payable from the 11th of January, 1816, to the 1st of March, 1816	7,806,320
	$18,452,800

The 10th of March a loan was opened for $12,000,000, with the view, first, of absorbing a portion of the Treasury-note debt; secondly, of getting funds for paying the unsubscribed arrearages of that debt; and lastly, of aiding the Treasury with a supply of the local currencies of different places, in some proportion to the probable amount of the local demands.

The offers to subscribe to the loan prior to the 19th of April put money and Treasury notes on the same plane, but the offers greatly varied, swinging from 89 per cent to 75. Dallas was a very different financier from his two immediate predecessors; he quickly saw that a new course of proceeding was required, and he had boldness enough to enter upon it. He declared that neither the justice due to the public creditor, nor a fair estimate of the value of the public property, nor an honorable regard for the public credit, permitted the loan to assume the character of a scramble, subservient to the speculations which created what was called a market price, and shifting in every town and village of every State, according to the arbitrary variations of what was called the difference of exchange.

Maintaining this view, he declined, in the first instance, all the offers of subscription to the loan. At the same time he declared that offers at the rate of 95 per cent. would be accepted. The rate thus proposed was adopted from considerations of the value of the stock, of the equitable as well as legal claim of the holders of Treasury notes, and of the real condition of the public credit. Numerous offers were made at this rate, payable in Treasury notes or money, soon

after the decision of the Secretary of the Treasury was made known. In the District of Columbia the money subscriptions (including the subscriptions of certain liquidated claims on the Treasury) were successively at 95, 96½, 97, and 98 per cent., and finally at par. In Baltimore the money subscriptions were at 95 and 96½ per cent. In Philadelphia all the subscriptions were at the former rate. On the 18th of June the price was raised at the Treasury to 98 per cent. No offers, however, were made at the increased rate, though they were still received at 95 and 96 per cent. The subscriptions payable in Treasury notes were made in all places at the same rate of 95 per cent. When Dallas made his annual report at the close of 1815 there had been received in money and Treasury notes $9,284,044.38. Such is the history of the war loans of 1812.

ALBERT S. BOLLES.

NEW TENDENCIES OF POLITICAL ECONOMY IN ENGLAND.

[TRANSLATED FROM THE REVUE DES DEUX MONDES. CONCLUDED.]

III.

Mr. Leslie has also applied his method to a question of another order, but of no less importance—the distribution and change in value of the precious metals in the sixteenth and nineteenth centuries. John Stuart Mill told me a short time before his death that these studies were the best he knew of on the subject. Most of the economists who have treated it speak of the increase of prices resulting from the influx of gold and silver into Europe, as if this were a general fact observed in all countries. Thus Mr. Jacob, always quoted on this subject, concludes in these words: "In England and the other kingdoms of Europe, within the first century after the discovery of America, the quantity of the precious metals had increased nearly fivefold, and the prices of commodities had advanced nearly in the same proportion." This assertion has been generally admitted, and yet Mr. Leslie shows by undeniable facts that, taken generally, it is quite inexact, and can only be applied at the most to the capitals where the statistical calculations were made. The effect of the influx of precious metals on prices only made itself felt in the parts of Europe easily accessible to commerce—that is, in a very restricted circle. Elsewhere prices varied little. Thus it is certain that for two or three centuries the silver of Potosi or Mexico did not find its way into Russia, the highlands of Scotland, or into the west of Ireland. Prices

remained stationary in many districts near London, even. Arthur Young made a table of the prices of provisions in the different counties of England. In many localities meat sold at five pence a pound. Mr. Porter observed that at Horsham, in Sussex, quite near the capital, it could be bought for less than three pence at the end of the last century—that is to say, as cheaply as in the middle ages. Adam Smith reports that in Scotland, up to the time of the union with England, meat cost less than oatmeal bread, and he speaks of villages where, even in his time, money was so rare that people paid for their ale in drinking saloons with nails. Every family produced what it consumed, there was almost no exchange, and no money was seen. In Ireland, up to 1846, there was a number of districts in which the money coming from America did not circulate, and where the agricultural laborer received gratuitously the use of a piece of land as his remuneration. A hundred years ago an English traveler found the price of meat to be three-halfpence at Novgorod, celebrated for its famous fair. Even in our day, throughout the greater part of Eastern Europe, the people live on their own productions, and the small portion of precious metals they ever get to possess is converted into jewelry or hidden away and taken out of circulation. It is still the same way with India. Mr. Leslie concludes that, although there was in the sixteenth century a very considerable diminution of the purchasing power of money, this depreciation was very unequal, according to localities and time, and the exact figures that have been given only apply to the commercial centers where they were noted. There are to-day hundreds of millions of men who do not get much more for the product of their labor than they did before the opening of the new mines of Mexico, Peru, California, and Australia.

Regarding the calculations made on this question Mr. Leslie makes two very ingenious and just remarks. When an attempt is made to determine the influence on prices exerted by the production of the precious metals, sometimes account seems to be taken of the total sum, and sometimes the value of what industry turns into articles of use is deducted, as if this value had no effect on prices. A double error is thus made. Not only the gold and silver employed for any other purpose than money cannot depreciate the instrument of exchange, since they are not added to it, but, on the contrary, they increase its value by opening a new employment to it, in so far as it serves for the purchase of the new objects made of gold and silver. Money cannot do two things at once; that which buys watches, jewelry, silverware, is withdrawn from the circulation for other objects in the money market. Thus not only all the increase of the quantity of the precious metals due to the new mines has not helped to raise prices, but also a considerable portion of this surplus has acted in quite an op-

posite direction, for, transformed into costly objects, it calls for a new supply of money to effect its exchange.

The other remark is no less important, and is as follows: The same quantity of money added to the circulation causes a less increase of prices where they are already high than where they are low. Suppose wages are eighteen pence a day in England and one penny in India, and that abundance of money produces in the two countries the same rise of six pence. Wages will then be two shillings in England and seven pence in India, which is equivalent to an increase of thirty-three per cent. in the former and of six hundred per cent. in the latter. The change will therefore be infinitely less in England than in India; for the English employer will still have three laborers with the sum he paid for four, while the Hindoo will have but one with the seven pence that would have assured him seven at the old price. This remark partly explains how the influx of precious metals following 1850 had a very different effect from that succeeding the discovery of America. In our time the increase of prices has been less felt in the great centers than in the more remote localities. Messrs. Jevons and Soetbeer estimate that from 1850 to 1870 the rise at London and Hamburg may have been from twenty to twenty-five per cent. Mr. Leslie extracts from the reports of the English consuls the proof that in many towns it has been more than from one hundred to three hundred per cent. Here are some comparative figures for Bilbao at the two dates of 1854 and 1864: Mutton rose from two and a quarter pence to eight and a half pence a pound, butter from five to fifteen pence, bread from one to two pence. At Riga the English consul in 1855 says that the price of commodities has doubled within ten years, and that of labor has increased in the same proportion. The same phenomenon has appeared in India. It proves that the afflux of precious metals after 1850 has spread out and acted over the whole world in a much more equal fashion than in the sixteenth century, and the reason of this may be easily seen in the improved means of communication—railroads and steamboats—and the quite otherwise active commerce, which have distributed them everywhere, and made them penetrate wherever cheapness attracted the purchaser.

New employments have also been opened on all sides, and have prevented their superabundance from causing any very great depreciation. Thus in Russia, in consequence of the emancipation of the serfs, servile labor has been replaced by the payment of wages. In many countries payments in money succeed payments in kind. The Governor of Bombay says in his report for 1865:* "Considerable quantities of silver are absorbed in India by a monetary circulation which did not exist before. In thousands of bazaars rupees are seen to appear and

* *Papers Relating to a Gold Currency in India*, pp, 6, 9 and 89.

drive out the practice of barter, universal previously. . . . Partly in consequence of the substitution of European forms of government for the native forms, partly owing to the more general employment of money, but principally by reason of the considerable increase of exchange and prices, it may be said that the need of money is just beginning to make itself felt, and that it will go on increasing rapidly." The abundance of the precious metals has had the effect of lowering the rate of interest, and consequently of stimulating all enterprises, and of thus opening new channels for the increased production of gold and silver. This doctrinal point has been frequently contested by the economists, who think they are doing a service to their country and humanity by rarefying the medium of exchange. Mill says on this subject, in the last edition of his *Principles*, chapter xxiii.: "The bulk of the precious metals constantly arriving from the auriferous countries is almost entirely added to the fund offered on the loan market; so great an increase of capital has the effect of lowering the rate of interest." Is it not unquestionable that the industrial and commercial activity following 1850 was due in great part to the abundance of the means of exchange? Mr. Leslie recognizes this likewise in speaking of India. He says: "It is no slight advantage to the Indian natives to have their industry excited, and their traffic facilitated, by the unwonted abundance of the currency, and it liberates the ryot from the cruel exactions of the money-lender." And far from being affrighted, as were M. Michel Chevalier and those sharing his views, by the gold which the placers of Australia and California yielded, Mr. Leslie asserts that the very abundance of money will increase the demand for it by creating new uses and by opening new countries for it. He goes still further, and here again he predicts a phenomenon far from being then suspected. He says: "Considering that the extension of fiduciary circulation will always require as its base a larger quantity of the precious metals, it may be asked whether their future production will be sufficient to meet the growing monetary needs of remote and undeveloped countries, whose economical development is inevitable." These lines, written in 1865, are being realized under our eyes. The placers of Australia and California are rapidly giving out; they are already nearly exhausted. The eminent geologist of Vienna, M. Süess, predicts the rarity of gold. This metal, the sole international medium of exchange since the proscription of silver, instead of coming to us from America, is recrossing the Atlantic. The financiers follow with an uneasy eye the exportations of gold, which the European monetary markets contend for by raising the rate of discount. The reserve of the banks is incessantly threatened, prices which did not stop rising from 1850 to 1870, are beginning to give way, and, in consequence, the burden of all debts becomes more crushing. It is

strange that everything concerning the distribution and circulation of the precious metals does not more occupy the public, for there is no question touching all interests more closely. If silver is everywhere driven from circulation at the moment the production of gold is diminishing, the result will be a great fall of prices and an aggravation of all long-dated debts, which will burden the taxpayers to the profit of the bond-holders, and which may thus produce, after a series of dull and persistent crises, such as that we have just passed through, a general impoverishment of all those engaged in the work of production. I know of nothing more to be deprecated than this "anti-semitic" movement or *Judenhetze* directed against the most intelligent, the best endowed—in fine, the first—of all races. But, if its cause is sought, we shall find that it is a protest against the prelibation made upon agriculture and industry to the profit of the idle stockholder who speculates, accumulates, and reigns over the economic world. Lower prices and the power of gold will increase in proportion, and to the detriment of industry and agriculture; for, in order to pay interest, it will be necessary to give up much more commodities than before.

I have mentioned some of the questions that Mr. Leslie has greatly contributed to elucidate of late years. There are others still—such as those of population and utilitarianism—which he has touched upon with no less acuteness and justice.

I cannot end, however, without indicating how my views differ from his. Mr. Leslie is not a positivist; he does not submit to the pretended natural laws; but the historical method, which he employs with so much sureness, leads him to neglect too much—such is my opinion, at least—the consideration of the end to be attained, and of the good to be realized. In an interesting essay on the tendencies of political economy in the United States, he reproaches the American economists with having admitted a theological element into their science. Buckle claims that political philosophy was separated from theology from the end of the last century, and Roscher asserts the separation was made still earlier in Germany. Mr. Leslie remarks that the divorce has not been so complete as these two authors say, and he instances Archbishop Whately's economical writings, where theological considerations frequently intervene; but he shows that the American economists employ them in quite another manner, by invoking at every moment the designs of Providence to the support of their arguments. I confess this is making a very bad use of theology. Thus Mr. Perry, in his *Elements of Political Economy*, which has reached its fourteenth edition, founds his theory of value on this proposition, that "God gives and does not sell." Another American economist defends the system of protection by the pretext that God has made of every nation a "chosen people," whose bounds he has fixed.

and who are called upon to be sufficient unto themselves. It is puerile and overweening to thus attribute one's personal ideas to the Divinity, and to affirm that such a thing must be, because one imagines God has wished it; but we believe, nevertheless, that political economy is intimately connected with philosophy and religion by the very idea of its subject. Its proper subject, indeed, is wealth. Wealth is what satisfies a rational want. What, however, are the essence and limits of rational wants? Evidently the answer to this question will depend upon one's idea of the destiny of man, which transports us into the domain of philosophy and theology. It must not be forgotten that "the father of political economy," Adam Smith, saw in this science only a part of moral philosophy, of which natural theology constituted the basis. As Mr. Leslie himself has well remarked, Smith concluded for liberty of action, because in his *Theory of Moral Sentiments*, as well as in his *Wealth of Nations*, he admits that the unopposed action of Providence produces a reign of general order most favorable to the State and to individuals. He says: "Every individual works necessarily to render the annual revenue of society as large as possible. Generally, indeed, his end is not the public interest, and he does not know that he is co-operating towards it. He only seeks his own advantage, and in this, as in many other cases, he is led by an invisible hand to realize a good which he did not suspect." Smith's predecessors, whose merit is no longer sufficiently appreciated, the physiocrats, also grounded their system on a general view of the order of the world, and consequently on a philosophical conception—theological it might, indeed, be called. The law of nature, of *physics*, which they constantly invoke, is nothing else for them than the providential law of the theologians. I take a still more conclusive example, since it is borrowed from a materialistic philosopher. Destutt de Tracy wrote a little treatise on political economy, which is a masterpiece of exposition, deduction, and clearness, and he makes of it one of the books of his great work, *Ideology*, and an application of his study upon the Will. This indicates a view at once profound and true. It proves that Tracy considered economical phenomena as the result of human volitions, determined by different motives, and not as the consequence of fixed natural laws. In any case it intimately connects political economy with philosophy, which is the proper way of conceiving of it.

I am more disposed than Mr. Leslie to admit that economists must ever fix their eyes upon an ideal to be attained, which may be thus formulated: What are the laws or social organization that must be adopted in order that men may arrive by labor at the most complete satisfaction of their rational needs? Without doubt, as Mr. Leslie has demonstrated perfectly, account must be taken of the history, traditions, instincts,

diversities of race and civilization. The same law will here have excellent and there detestable effects. The non-intervention of the State will stimulate individual initiative in the United States, and will produce inertia in Mexico. Just so in politics, the same government is not adapted to all nations. The ideal on one side is liberty without any limitation, and on the other the intervention of every one in the management of public affairs. With a certain nation, however, absolute liberty may lead to anarchy, and universal suffrage to military or theocratic despotism. At every period and in every country, men being given as they are and may be, there is an order which would bring to them the greatest possible amount of independence, well-being, culture, and true felicity. This order it is which must be discovered and proposed to those who govern, and this is the economist's real mission.

This mission, it must be said, is becoming every day more important and more difficult; more important, for the economic, or rather social, questions are assuming a character more and more grave, putting on trial the essential bases of the present order, as is done, for example, by the claims of the Irish tenants, or those of the workingmen of the Continent; more difficult, for the principles of the science, which we were accustomed to consider as unassailable bases of argumentation, are put in doubt or denied by the very ones who have studied them most thoroughly. Thus, M. Paul Leroy-Beaulieu, in the excellent book, so strong in doctrine and so full of facts, which he has just devoted to the study of the distribution of wealth, expresses himself much more severely than does Mr. Leslie on the subject of the fundamental axioms of the orthodox school. Here is what this eminent economist writes, who yet energetically protests against being "a socialist of the chair:" "In short, almost all that the classical economic school has written on the distribution of wealth fades away when submitted to a close examination."* Thus, in the very thickest of the fight, and when the struggle is daily growing more bitter, the arms we have been accustomed to use are declared powerless, and we must forge other more solid and better-tempered ones. I think, with Messrs. Leslie and Paul Leroy-Beaulieu, that political economy is a science to be made over again, but I admit this for different reasons. I do not believe as much as they that the revered authors of the classical school—Smith, Ricardo, Mill—have been mistaken in their theoretical deductions. In my opinion, with the exception of some corrections of detail, the truths they have established remain acquired to us; but I think the very idea of the science admitted by them and their successors is incomplete and erroneous. The economist must certainly know the so-called natural laws that govern the production, distribution, and consumption of

* *Essay on the Distribution of Wealth.* By M. Paul Leroy-Beaulieu.

wealth, or the enchainment of causes and effects produced in this department of human activity. But this is only the first step, and, so to speak, the means of study, as in reading in literature, or the use of the microscope in physiology. The proper object of investigation is the civil laws and their consequences. Economy is "political" only on condition of being occupied with the πόλις—that is the city, the State. The *rôle* of the State and the social arrangements, commonly excluded from the circle of economic studies, are, on the contrary, the essential thing in them.

A saying of Sir Henry Maine has been often repeated, that the progress of society consists in passing from the *status* to contract—that is, from the system of government in which the acts of life are regulated by custom to that in which they emanate from the will and free agreement. The domain of liberty has, no doubt, been enlarged, but it is only exercised under the rule of the civil code and the penal code. Consider Ireland at the present moment. Liberty and common law reign there as in England or France; the economical relations there are the result of contract. But what statesman, were his name Lord Sherbrooke even, would venture to pretend that it is enough to apply there the traditional panacea of the economists: *laissez faire, laissez passer?*

To recapitulate, Mr. Leslie has done double service. At once an economist, jurist, historian, and man of wit, which is not at all a drawback, he has shown, first, that our science was to be reconstructed from top to bottom, and then he has indicated in what way this must be done. He has not attempted to rebuild the edifice. He declares it would be premature to try it, because the materials are not yet ready; but at least he has roughly drawn and cut out a few of them, and he has laid out the course to be followed by those whose profound and persevering labor will successfully prepare to set about the work.

EMILE DE LAVELEYE.

Liége, Belgium.

TEA PLANTING IN INDIA.

The culture of the tea plant in India has proved an entire success, and the coming season will see a larger area planted than ever before. It is claimed by many old scholars that India was the original home of the plant, a theory partly borne out by the fact that the finest trees are now grown there with but slight culture. As an evidence of the advance made by India as a tea market, the marketed crop has increased within twenty years from one million to fifty million pounds. It is estimated that more than a quarter million of people are directly employed in the growing preparation of the crop, while the capital invested will approximate one hundred million dollars by the close of the next season.

REDEEMABLE BANK NOTES.

The system of redeemable bank notes, of which we have had so long and deplorable an experience in this country, has never been reduced to practice in any important degree in Europe, outside of Great Britain, and was there definitely abandoned in 1844, and with no apparent prospect of being again revived. The theory upon which it rests, although not the invention of Adam Smith, was stated by him at considerable length in his *Wealth of Nations*, first printed in 1775-6, and his arguments in support of it are the ones which have been used with very little variation or addition to the present time. He is the authority constantly invoked on that side of the question, and the great and deserved weight of his name has been an important circumstance in commending it to the favor of English-speaking peoples. In the famous Bullion Report (1810) made to the British Parliament, his view that redeemable bank notes in no way affected the quantity, and therefore in no way affected the value, of money, was treated as a well-settled truth. And still nearer to our own times, in 1840, when Samuel Jones Lloyd (afterwards known, and now always referred to, as Lord Overstone), was endeavoring to convince a Select Committee of the British House of Commons on Banks of Issue, of the mischievous nature of bank notes as then issued and regulated in Great Britain, he was confronted by the reading, by one of the Committee, of Smith's defence of them, as a conclusive ending of the whole controversy. Lord Overstone replied in substance that no authority could uphold a demonstrated error; that the fact of the general wisdom of Adam Smith was quite consistent with his having made many and serious mistakes; and that mankind were constantly being educated by experience, and especially in respect to commerce, the expansion of which was the great feature of these latter days, and in respect to money, the most important tool of commerce.

As the views of Adam Smith in respect to redeemable bank notes exerted so controlling an influence in Great Britain for half a century, and even now still prevail very largely in this country, it is necessary and proper to exhibit them in his own language.

In his *Wealth of Nations*, Book 2, Chapter 2, he says:

The whole paper money of every kind which can easily circulate in any country, never can exceed the value of the gold and silver of which it supplies the place, or which (the commerce being supposed the same) would circulate there if there was no paper money. If twenty-shilling notes, for example, are the lowest paper money current in Scotland, the whole of that currency which can easily

circulate there, cannot exceed the sum of gold and silver which would be necessary for transacting the annual exchanges of twenty shillings' value and upwards, usually transacted within that country. Should the circulating paper at any time exceed that sum, as the excess could neither be sent abroad nor be employed in the circulation of the country, it must be immediately returned upon the banks to be exchanged for gold and silver. Many people would immediately perceive that they had more of the paper than was necessary for transacting their business at home, and as they could not send it abroad, they would immediately demand payment of it from the banks.

Further on in the same chapter he says:

A paper money, consisting in bank notes, issued by people of undoubted credit, payable upon demand without any condition, and, in fact, always readily paid as soon as presented, is, in every respect, equal in value to gold and silver money, since gold and silver can at any time be had for it. Whatever is either bought or sold for such paper must necessarily be bought or sold as cheap as it would have been for gold or silver.

The increase of paper money, it has been said, by augmenting the quantity and consequently diminishing the volume of the currency, necessarily augments the money price of commodities. But as the quantity of gold and silver which is taken from the currency is always equal to the quantity of paper which is added to it, paper money does not necessarily increase the quantity of the whole currency.

The last proposition is illustrated by him in the following way:

The proportion between the price of provisions in Scotland and that in England is the same now as before the great multiplication of banking companies in Scotland. Corn is, upon most occasions, fully as cheap in England as in France, though there is a great deal of paper money in England, and scarce any in France.

Nothing can be more plainly true than that paper professedly and actually redeemable, and when the credit of the issues is "*undoubted*," or, in other words, universally confided in, must be as valuable as a purchasing medium in the markets as gold and silver. Being as valuable, it would by most persons be preferred, from its easier portability and other considerations of convenience. But Smith seems never to have conceived the possibility of its being also true that while the parity of the paper and of the metals might be perfectly preserved, they could both be depreciated by there being a greater quantity of the mixed paper and metallic money than there had previously been of the metallic money alone.

The reason he assigns for believing that no such increase of quantity would take place will not, however, bear the test of any tolerably close examination.

In saying, as he does say, that "*the commerce being supposed the same*," no more money can circulate at one time than at another, he fails to see that the quantity of money in use depends as much upon the scale of prices as upon the num-

ber and nature of the transactions. If a country could be surrounded with a Chinese wall, successive additions to its currency might be made *ad infinitum;* but it would be as scarce, in the sense of being difficult to be obtained, as it was at the beginning. The increased money would be absorbed in increased prices. Nobody would perceive that he had too much, and nobody would, in fact, have too much, having regard to the new scale of valuing land, labor, and commodities. Nobody ever had too much money, or is ever likely to have too much. However it may have been in the poetical ages of Arcadian simplicity, it is certain that in the present prosaic ages of commerce and financing, the wealthiest men are forced by the lack of money, in respect to the purchases and investments which are offered, to make a choice, and not always an easy one, according to the varying degrees of attraction which they present.

The United States Monetary Commission (Report 1877 pages 8 and 9) point out accurately the difference between the effects of an overplus of commodities and the effect of such an increased supply of money as may be for the moment an over supply. They say that "*an overplus of a commodity manifests itself in a surplus, for which there is no effective demand, and which must be carried as a dead weight,*" whereas in the case of money, "*whatever the supply may be, there is no part of it which is a surplus or dead weight. It is all wanted, and all wanted alike.*" And as illustrating how speedily the demand for money always comes up to any increased supply, by raising prices and by stimulating industry and trade, they add:

The extraordinary gold production in California and Australia was quickly followed by a new demand for money, which arose from the business activity and prosperity which always attend an increase of money. This demand soon overtook the new supply.

These considerations abundantly justified the United States Monetary Commission in adding (Report, page 9):

The demand for money is universal, constant, and insatiable. Nobody ever had so much as to feel a loss or even a diminution of the desire for more. In business transactions it is never voluntarily parted with, except with the hope of its return, and with a profit. The effective demand for it, or, in other words, that demand which is accompanied by an ability to offer equivalents, is only limited by the extent of all the possessions of mankind, fixed and movable, and their total capacity to render services.

And, inasmuch as mankind have never failed, and never will fail, to advance the prices of their "*possessions, fixed and movable,*" and of their "*total capacity to render services*" in the same proportion in which the volume of money is augmented, the day will never come when the "*universal, constant, and insatiable demand for money*" will be over supplied.

William H. Crawford, Secretary of the United States Treasury *(Report on the Currency,* 1820) says:

Every addition made to the currency by the issue of bank notes changes the relation which previously existed between the volume of the currency and the amount of the commodities which are to be exchanged through its agency. . . . Such an increase will be followed by a general rise in the value of all articles, especially of those which cannot be exported.

Condy Raguet (*Currency and Banking*, 1839) says:

As soon as time has been afforded for that general rise in the prices of property and commodities, which is inseparable from increased issues of paper after it has become diffused throughout the circulation, the plenty disappears. . . . It requires, *at the new prices*, the whole existing quantity of currency to circulate the commodities which *at the old prices* were circulated by the original quantity, and a scarcity of money is just as likely to be felt under a depreciated currency as under a sound one. . . . The case is precisely the same as would exist if all the specie in the world were suddenly doubled, the effect of which would be that it would require two ounces of gold or silver to purchase as much of all other commodities as could previously have been purchased with one. Money would be no more plenty than before. Gold and silver would be more plenty, but money would not be, for the simple reason that the prices of property and commodities would be expressed by double the number of coins.

And if by possibility some small interval of time might elapse before the addition of a new paper money to an old coin money caused a corresponding advance of prices, and if by possibility money might be perceived to be during this small interval unusually abundant, there is no reason for saying that the holders of the paper portion of the money would "*immediately demand payment of it from the banks.*" It is of no consequence whether they want it for a known present use, or keep it for a future use, known or unknown. They would be influenced in either case by the same preference for it over the metals, so long as the credit of the paper remained "*undoubted.*" Demand for the redemption of bank notes of "*undoubted credit*" only comes after such notes have been in use long enough and in quantities large enough to so raise prices as to create a balance of foreign trade adverse to the country permitting the unrestrained issue of such notes. It is then, and not before, that bank notes are presented for redemption, whether the credit of the issues is doubted or undoubted, and for the sufficient reason that specie will pay debts to the foreigner, while bank notes will not. That is an aspect of the case which Smith entirely overlooked, but which the wider and more active movements of commerce since his time have made entirely familiar in the experience of mankind.

That Smith's attention was never drawn to the international effects of the issue and use of bank notes in a particular country, is manifest from his citing as proofs that such notes do not increase the currency and prices of the issuing country, the fact that the then current comparatively larger

note issues in Scotland had not changed the previously existing proportion between English and Scotch prices of provisions, and the other fact, that corn was ordinarily quite as cheap in England, which used "*a great deal of paper*," as in France, where "*scarce any*" was used. He clearly had not the slightest conception that anything done in Scotland, in the way of substituting paper for coin, could affect England, or that anything done in that way in England could affect France. He contented himself with laying down the doctrine, that just as many metallic pounds in Scotland were expelled from the Scotch currency, as there were paper pounds added to it. What became of the metallic pounds expelled from Scotland, and whether they might not be producing an effect upon prices elsewhere, he did not stop to inquire. What he noticed as a fact of observation was, that the relative proportion of prices as between countries on the metallic basis did not seem to be affected by their using different proportions of redeemable paper in their currencies, and he jumped to the conclusion that it was thereby proved that redeemable paper added nothing to the volume of the currency or to the prices of the country issuing the paper. What is really proved by the fact observed by Smith is, not that there is in the countries issuing paper no increase of currency and prices as the result of the issue of paper, but that there will be in the end a corresponding increase of currency and prices in all other countries on the metallic basis, so that the old relation of prices between the issuing country and other countries on that basis will not be permanently changed. There is a certain necessary relation between the prices of Scotland and England, and it is a very close relation, because they are adjoining countries, and the intercourse between them encounters no legal and very little physical obstruction. If England should adopt an exclusively metallic currency, and if Scotland should entirely expel gold and silver by the issue of one-shilling notes, the present relation of Scotch and English prices would continue so long as the Scotch one-shilling notes were actually kept at the metallic standard by redemption, or in any other way.

As we have seen, the increase of redeemable bank notes of "*undoubted credit*" is finally checked, not because the currency of a country ("*the commerce being supposed the same*") will not admit of indefinite additions, which will be absorbed by an augmentation of prices, but because augmented and augmenting prices end at last in foreign debts, which cause bank notes to be presented for redemption. That is the limit to redeemable bank notes, and it is by understanding the exact nature of that limit, that we shall be able to understand how inherently and hopelessly unsound a redeemable bank-note circulation must always be.

OBSERVER.

THE GOLDEN AGE OF AUSTRALIA.

The following extract is from an exceedingly interesting paper, contributed to the *British Quarterly Review* by R. H. Patterson, whose works on the *Science of Finance* and the *Economy of Capital* rank among the most valuable contributions to modern political economy. One very important fact developed by the writer in this paper is, the value imparted to gold by coining it into money.

Among the many advantages in social condition which the gold colonies of Australia enjoyed over California was the existence of good banks. Banking, of the best kind, had been established in Australia prior to the gold discoveries. Australian banking was established upon the Scotch system, by wealthy corporations, for the most part having their headquarters in London. These pillars of industry had rendered most useful service from the outset, and they helped the colonies greatly during the exigences produced by a vast immigration and the turmoil of the gold fever. Nevertheless, during those early years of gold finding (as also occurred in California) there was a great scarcity of money. And a most striking proof of this scarcity is the fact that gold in Australia was worth only sixty or even only forty-five shillings the ounce, in exchange for money, whether coin or bank notes. An ounce of coined gold (or its equivalent in bank notes) could buy an ounce and a quarter of uncoined gold in any quantities. It was fortunate for the population that their chief produce (gold) was, of all commodities, the nearest akin to money. It is the raw material of money, yet hardly more serviceable as money than a hide is to a man who wants a saddle or a pair of leather breeches.

A scarcity of money is always very adverse to the producing classes. It was so even to the gold miners, who (although gold dust was more exchangeable than ordinary property) had to exchange their produce for a fourth and sometimes a third less than its fair and ordinary value where money exists in adequate quantity, or, in other words, possesses its ordinary purchasing power. How much more adverse to the general interests would such a scarcity of money have been, had the staple produce of Australia been other than the precious metals? Production in such a case would have been so largely deprived of its profits that it would speedily have ceased, however profitably it could be carried on under other and ordinary circumstances. But gold can be exchanged for money more readily than any other commodity; and the gold fields were then so rich, yielding five or six times the value obtainable by an equal amount of labor in other industries, that the Australian miners became wealthy even although their produce had to be sold at much less than its ordinary value.

This scarcity of money in a country abounding in gold, actually produced from the mines, may at first sight appear a strange phenomenon. Especially it may be asked, When gold was brought to the banks from the mines, why did not the banks purchase it, when they could get so large a percentage of profit, seeing that their coin or notes could buy thirty per cent. more gold than such money could buy elsewhere throughout the world? Had the banks been able to purchase the gold, the scarcity of money in circulation would have been at an end; for there was an abundance of gold ready to

be offered to the banks, and the coin and notes obtained in exchange for that gold would soon have been sufficient for the monetary wants of the population. Gold would have risen to its ordinary world value: and thereupon the banks would have had no longer an inducement to buy it; while the gold owners (their monetary wants being supplied) would have no longer had any necessity to make further exchanges of this kind. The gold not needed for home circulation as money would have been exported—as nearly the whole of the gold from the mines was actually exported—in the form of bullion, which is the most convenient and profitable form for gold as merchandise.

How was it, then, that this very natural procedure did not take place, or at least but sparingly? How was it that there was, for several years, a scarcity of money in the Australian gold colonies; and that a considerable quantity of gold from the mines was retained in the country for currency purposes, and yet carried only three-fourths of the value which the metal possessed throughout the world at large? The difficulty which then existed in Australia may be explained in a single word: there was no mint. The scarcity of money arose in this way. Gold coin, together with bank notes convertible into coin on demand, constituted the money, or sole legal currency, of Australia, as of our own country. And the banks held no more, or little more, money than was requisite to carry on their ordinary amount of business. Being so circumstanced, had the banks bought gold with their coin, the stock of coin would have become too small to meet the demands of their depositors or customers; and as they could not pay their creditors in gold dust or in bullion, the banks would have been liable to bankruptcy. If they had bought the gold with their notes, the sellers of the gold might immediately thereon have demanded payment for the bullion in coin, and so have at once deprived the banks of their profit on the transaction, besides imperiling the solvency of the banks, which had no spare coin wherewith to meet such a demand. Moreover, even if the general creditors of the banks, whether note-holders or depositors, had been willing to accept uncoined gold (of course at its then current value in the colony), the banks would have obtained no profit, because the bullion, or uncoined gold, would have carried no higher value than the coins with which the banks had purchased it. But the Australian banks are banks of issue, and can issue notes to any amount which they may deem advantageous. Why, then, did they not make purchases of the gold with their notes? As a matter of fact, it is highly probable that they might have done so with safety to themselves, and, if so, with a large profit, while also greatly benefiting the community by supplying the monetary wants of the country. As money was greatly wanted, it is probable, or indeed certain, that the notes thus issued would have remained in circulation. So long as the credit of the banks was stable, the notes were quite as good as coin, and therefore there would have been no motive for any one cashing them; that is, demanding coin in exchange for them. But there was a *risk* in such procedure, and all unnecessary risks ought to be shunned in banking. Also, although the banks might have made large profit from buying the gold with their notes, with the result of supplying the monetary requirements of the public, it is also true that a scarcity of money enables banks to charge a higher rate for their loans and discounts. Banks are the reservoirs of money, which they issue to the public through loans or the discounting of commercial bills; and in pro-

portion as the currency which they supply is scarce, the banks are able to raise the rate of discount, or, in other words, their charge for supplying this currency. But the fundamental explanation and ample justification of the Australian banks in this matter is that the purchase of gold, under the circumstances, would have been substantially a trading operation, beyond the proper sphere of banking. Except in degree (for undoubtedly gold is more negotiable than any other thing, except money itself), the purchase of gold by the banks would have been similar to an investment of their money in any commercial commodity. Their money would have been "locked up," just as if they had bought a stock of wheat or wool. Their wealth would not have been dimished—it might have been considerably increased; but their stock of money, the special commodity in which banks trade, would have been greatly reduced, proportionately lessening their power to meet the demands of their customers, as well as imperilling their own solvency.

This dilemma for the gold producers and the general monetary difficulty, although much felt in Victoria, was experienced still more severely in the adjoining province of South Australia. While gold bullion in Victoria sold at sixty shillings the ounce (instead of its normal or world value of £3 17s. 10½d., or, allowing for loss of interest in the process of minting, at £3 17s. 9d.), in South Australia it sold, or was convertible into money, at the rate of only forty-five shillings the ounce. This great difference of price was owing to the weaker or less efficient position of the banks in the latter province or colony. The South Australian banks held only a small stock of coin, and therefore were less able than their compeers in Victoria to supply currency by the issue of bank notes. The hardship and general embarrassment in South Australia became so great that the legislature of that colony, in June, 1852, established a Government Assay Office, at which the possessors of gold ore could get their bullion converted into stamped bars. By a temporary act (for one year) these assayed gold bars were legalized as currency at seventy shillings the ounce—still considerably under their proper value of gold, as in the other countries; and the notes of the banks were made a legal tender to third parties (that is to say, throughout the community), but not at the banks, which were bound to cash the notes on demand, either in gold or in the stamped gold bars. This act brought a great relief. The scarcity of money was at an end. The banks bought gold bullion in the form of the assayed and stamped bars, largely issuing their notes in purchase or exchange, and thereby supplying the wants of the public for suitable currency. In this way the note circulation of the South Australian banks rose from £97,000 in January, 1853, when the act came into operation, to £232,000 before the end of the year. This fact shows how severe had been the dearth of currency in this small community. As the notes were issued in exchange for bullion, they were well secured—gold going into the banks as the notes went out. In fact, contemporaneously with this increase of £130,000 in the note circulation, the bank reserves increased largely; the increase, of course, being made, not in coin or money proper, but in the stamped gold bars.

Notwithstanding this important remedial measure, the hardship to he mining population, or the gold-producers, was still serious. hey had to part with their gold at about one-fifth less than its ormal value, viz., such as it carried in England, New York, Paris, and generally throughout the world. Thus their produce and prop-

erty was artificially depreciated. Could it have been coined or converted into money on the spot, the gold would have at once attained its full value. Had there been a mint in Australia, the gold produce of the country would have carried its normal value, with commensurate profit to the miners, and indeed to the country at large. Very naturally, then, a general demand arose for a mint. It was very hard upon the miners that their produce should be, as it were, artificially depreciated; and it was hard upon the whole Australian colonies or provinces that, although suffering severely from a dearth of currency, they had to send their gold 8,000 miles to London and back again before they could get their gold converted into coin. At length, yet not without demur, this most reasonable and urgent demand was granted by the Home Government. A mint was established at Sydney, the oldest and, at that time, still the largest city in Australia; and before the end of the year two millions sterling of coin were issued.

We have dwelt with considerable detail upon this monetary crisis in the Australian colonies, because it is pregnant with important lessons, inculcated and illustrated by very striking and also plainly intelligible facts. It shows how largely dependent is the value of gold upon the fact of its being the substance, or raw material, of money. In proportion as the yellow metal fails to acquire, or is obstructed in attaining, the quality of money, its value falls greatly. In most of the leading countries of the world there is a State mint, ready to coin (usually free of charge) any gold that is brought to it. In such countries, accordingly, gold, being immediately convertible into money at pleasure, carries the same value, whether in the form of bullion or of coin. But the case, as we have seen, was different in Australia at the outset of the gold discoveries. There were gold dealers and private assayers in Australia; and, as likewise in California, gold dust served to some extent and in rough fashion as a medium of exchange—but always adversely to the owners of the gold dust, who never obtained for the gold its proper price, or full value in exchanges so made. Even in the form of ingots, or the officially assayed gold bars, the precious metal did not carry its proper price, or world value, because such lumps of gold were quite unsuitable for retail payments, or in the daily purchases of ordinary life. What is more, not even the banks could give the full or proper value for these gold bars—they could not buy the gold even with notes of their own issuing, because they were bound to "cash" or pay the notes on demand in legal money—for which purpose these gold bars, of course, were not available, until a special Act was passed temporarily legalizing these bars as currency.

Further, no other set of circumstances could so clearly demonstrate and strikingly illustrate the vastly important influence of time as affecting the great law of supply and demand. When the Australians petitioned the Crown to extend to them the royal prerogative of coining money—a right which all Governments properly keep in their own hands—the project of establishing a mint in Australia was strongly opposed by some very able men in this country, who maintained that such an establishment, besides being open to objection, was quite unnecessary, and that the want of a currency would be, and should be remedied, like all other wants, by the natural operation of the law of supply and demand. But these upholders of "economic science" overlooked the element of time, and the dire consequences which must ensue before their

law could come into effective operation. No doubt, even without a mint, the Australian colonies would by this time have become supplied with an adequate currency. They would have supplied their lack of coined money just as they supply themselves with foreign commodities of any kind, namely, in exchange for the surplus produce of their own country. And they had been so doing. But, owing to the marvelously rapid increase both of population and wealth, and the vast remoteness of Australia from the great centers of civilization and production, the processes of trade or exchange could not operate so rapidly as was requisite for the requirements of the community. Merely because it could not be coined upon the spot, gold, as we have seen, was selling at only two-thirds of its proper value. Thus the mining population, the producers of gold, which was then the chief product of Australia, were deprived of a large portion of their just profits, entirely because they had no means of utilizing the produce of their labor by applying it to its normal use, viz., as money. And further, the entire community suffered from the dearth of currency. Not merely gold, but even more, goods, houses, land—in short, property of all kinds—was abnormally depreciated, on purchase or in exchange, simply because money, owing to its deficiency, there bore a far higher value than it did elsewhere in the world. Hence the Australians were ready (under this compulsion) to sell their produce to foreign buyers at much less than its fair or normal value—a loss to the Australian community; while in purchases or exchanges amongst themselves, although there was no loss to the community as a whole, there was dire loss or even ruin to individuals; and such fluctuations in the value of goods and property were both morally and industriously injurious to the best interests of the community. Truly, this was a strange dilemma and social phenomenon in a country like Australia. What can be more strange, at first sight, than that there should be a dearth of money, and a severe social crisis in consequence thereof, in a country whose chief and marvelously abundant product was gold, pre-eminently the canonized metal which constitutes the money or currency of mankind; and yet such a dearth, with equally disastrous consequences, overshadowed the fortunes, at one time or other, both of Australia and California, and has left a lesson of no small importance to the world at large.

A very large portion of the intellectual mistakes of mankind arises from an implicit reliance upon some widely known and well-established rule, maxim, or principle, without making allowance for circumstances and influences which at times obstruct the operation of the deservedly venerated or appreciated principle. The law of supply and demand is a principle or doctrine of this kind. It is in itself rather a truism than a truth. It is no discovery of modern science; indeed, its general correctness has been visible to men of all times and of the most commonplace intellect. The earliest trader, even the simplest rustic who drove his pigs or sheep to market, knew that the fewer the pigs or sheep in the field, and the more numerous the intending purchasers, the higher would be the price he could ask for his wares. Equally true is it, when the maxim is applied to general affairs, that if any commodity be scarce, and consequently its price exceptionally high, in any locality, men of other countries, or in other parts of the same country, will hasten to supply the scarcity in order to obtain a higher price for their goods than they could get elsewhere. Further,

as the earth is still capable of yielding produce of all kinds sufficient for the wants of mankind, a scarcity in one part of the world will ere long attract a supply from other quarters. Yet in human affairs how much depends upon time! Men suffer or die under the scarcity, and what consolation is it to them that the supply which they needed will come in time for other men or another generation? Moreover, it is upon the current well-being of its people that depends the power or prosperity of a State or community. In a new State, especially, rejoicing in the vast resources of a California or Australia, every season of hardship, every generation or part of a generation which is robbed of its gains by some cause beyond its own control, and of a nature not merely local but highly exceptional, the effect most seriously checks the progress and prosperity of the community.

THE USE OF BANK CHECKS AS MONEY.

The function which bank checks perform as money has never been more clearly shown than by Mr. Knox, in his last annual report. The subject has been discussed on another page, and the following is that portion of the report to which we allude:

For a long period in their early history, bills of exchange were in fact what their name implied—namely, bills drawn in one country to be paid in another. The common law of England, which inflexibly forbade the assignment of debt, was a bar to their early introduction into that country; but they eventually forced themselves into use there, through the facilities which they afforded in the conduct of trade with other nations. It was long before the transfer of inland debts was sanctioned in England; but the practice at length prevailed, being first adopted in the intercourse between London and York, and London and Bristol. By the gradual striking off of one limitation after another, bills of exchange, after the lapse of several centuries, became what they now are, simply an order from one person to another to pay a definite sum of money. The convenience of trade gradually overpowered the narrow restrictions of the common law, until it became lawful to transfer an obligation from one person to another, in the form of a bill of exchange, while at the same time it remained unlawful to do so in other forms, such as by a simple acknowledgement of the debt by the debtor.

About the end of the sixteenth century the merchants of Amsterdam and Hamburg, and of some other places, began to use instruments of credit among themselves; and, as their intercourse increased, these instruments naturally assumed the form of an acknowledgement of the debt by the debtor, with a promise to pay to the bearer, on demand, or at a specified time. Such instruments are now called promissory notes. They first began to be used by the goldsmiths, who originated the modern system of banking soon after 1640. They were then called goldsmiths' notes, but they were not recognized by law. The first promissory notes issued in England, under the sanction of law, were those of the Bank of England, in 1694, and which were technically bills obligatory, or bills of credit. By the act founding the bank its notes were declared to be assignable by indorsement, although this privilege was not then

extended to other promissory notes. But by an act passed in 1704, promissory notes of every kind, including those of private bankers and merchants, as well as of the Bank of England, were all placed on the same footing as inland bills of exchange; that is to say, they were all made transferable, by indorsement on each separately. With respect, however, to the Bank of England notes, as these were always payable on demand, the practice of indorsing soon fell into disuse, and they passed from hand to hand like money. In the case also of the notes of private bankers of great repute, the indorsement was often omitted.

Until near the year 1772, this method of making exchanges by the issue of promissory notes, made payable to bearer on demand, was generally adhered to by bankers. But about that time the practice in this respect became changed. When the bankers made discounts for their customers, or received deposits from them, instead of giving as before promissory notes or deposit receipts, they wrote down the amount to the credit of their customers on their books. They then gave them books containing a number of printed forms. These forms were called checks, and were really bills of exchange drawn upon the banker, payable to the bearer on demand.

Prior to the period when checks were introduced, the issue of promissory notes by the London bankers was very extensive; but the method of doing business by the use of checks was found by them to be so convenient, and it possessed so many practical advantages over that by way of notes, that issues of the latter were soon generally discontinued, and that of checks adopted in their stead. The bankers, however, were never forbidden to issue such notes until the bank act of 1844.

For many years the English courts held that a check is binding on the banker, having assets of the drawer, without acceptance; but more recently these earlier decisions have been overruled, and it is now the established doctrine of the highest English tribunals that a check is not binding upon a bank until accepted, notwithstanding the fact that the bank has assets of the drawer. In a case in which the First National Bank of New Orleans was defendant, where certain holders of its drafts on a Liverpool bank attempted to recover from the latter bank the amount of the drafts out of an ample balance to the credit of the New Orleans bank after its failure, the House of Lords affirmed the decision of the Lord Chancellor, and held that the drafts were not even equitable assignments of any part of the drawer's funds.

PROPORTION OF BANK CHECKS, ETC., USED IN LONDON.

The first information given to the public as to the amount and proportion of checks, bank notes and coin used in the business of banking, was by Sir John Lubbock, an eminent scientist and banker, and president of the London Institute of Bankers, and was based upon the business of his own bank during the last few days of 1864. His statement, given below, is copied from a paper read by him before the London Statistical Society, in June, 1865, entitled "Country Clearing," and published in the journal of that society for September, 1865, to whose tables I have added the proportions of checks, bank notes, and coin:

In order to give the proportion of the transactions of bankers which passes through the Clearing House to that which does not, I took the amount of £23,000,000, which passed through our hands during the last few days of last year, and found that it was made up as follows:

Clearing	£ 16,346,000	70.8	per cent.
Cheques and bills, which did not pass through the clearing	5,394,000	23.4	"
Bank notes	1,137,000	4.9	"
Coin	139,000	0.6	"
Country notes	79,000	0.3	"
Total	£ 23,095,000	100.0	"

It would appear from this that out of each £ 1,000,000, rather more than £ 700,000 passes through the clearing. The second amount given above, £ 5,394,000, includes, of course, the transfers made in our own books from the account of one customer to that of another. These amounted to £ 3,603,000, the remainder, £ 1,791,000, representing the cheques and bills on banks which did not clear.

In order to ascertain the proportion of payments made in bank notes and coin, in town, I have taken an amount, £ 17,000,000, paid in by our London customers. This was made up as follows:

Cheques and bills on clearing bankers	£ 13,000,000	77.4	per cent.
Cheques and bills on ourselves	1,600,000	9.5	"
Cheques and bills on other bankers	1,400,000	8.3	"
Bank of England notes	674,470	4.0	"
Country-bank notes	9,570	0.1	"
Coin	117,960	0.7	"
Total	£ 16,802,000	100.0	"

The above amount of bank notes, small as it is, must, I think, be still farther reduced. All the clearing bankers have accounts at the Bank of England, and, as we require notes to supply our till, we draw them from the Bank of England, crediting the bank in our books. Out of the above amount of £ 674,470, £ 266,000 were notes thus drawn by us from the bank to replenish our till, and did not represent an amount paid in by our customers to their credit. This amount must, therefore, I think, be deducted from both sides of the account. On the other hand we must add the amount of notes paid in for collection and discount, and loans on security, which pass through a different set of books and which represented a sum of £ 2,460,686.

Making these alterations we find that out of £19,000,000 credited to our town customers, £ 408,000, consisted of bank notes, £ 79,000 of country-bank notes, and £118,000 of coin:

Cheques and bills	£ 18,395,000	96.8	per cent.
Bank notes	408,000	2.2	"
Country notes	79,000	0.4	"
Coin	118,000	0.6	"
Total	£ 19,000,000	100.0	"

In an article on bank notes, published in the Journal of the Institute of Bankers, London, for March, 1880, Mr. John B. Martin gives a table showing the percentage of bank notes, coin, and checks used in banking transactions, which was compiled by him from several sources. This table is given below:

	Robarts, Lubbock & Co.		*Morrison, Dillon & Co.*		*Manchester and Salford Bank and another local bank.*			*Martin & Co.*	
	Received 1864, London	*Received 1864, general*	*Received.*	*Paid.*	1859.	1864.	1872.	*Received 1878-79.*	*Paid 1878-79.*
	Per ct.	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*
Bills and checks	96.8	94.1	90	97	47	58	68	96.5	96.9
Notes	2.6	5.3	7	2	} 53	38	27	2.6	2.1
Coin	.6	.6	3	1		4	5	.9	1.0
	100	100	100	100	100	100	100	100	100

The first two columns of percentages are obtained from the data contained in the table previously given, and show the ratio of checks, notes, and coin received by the firm of Robarts, Lubbock & Co., in payments made to them during the last few days of 1864; the first column showing the percentages of the items named above, in the receipts from London bankers alone, and the second the percentages in the receipts from all sources. The next two columns are derived from an analysis of the receipts and payments of the firm of Messrs. Morrison, Dillon & Co. The next three columns show, for the years 1859, 1864 and 1872, respectively, the percentages of checks and cash derived from an estimate made of the total transactions of the Manchester and Salford Bank, and published in the Journal of the Statistical Society for March, 1873, at page 86. In reference to these transactions of the Manchester banks, it is stated that the amount of cash shown is very remarkable, and that it is believed that the proportion of coin in it very largely exceeds that of England, taken as a whole, because the statement proceeds from a great wage-paying district. The last two columns of the table show the results of an analysis of the receipts and payments of Martin & Co. To obtain these percentages, the transactions of Mr. Martin's own firm were observed for six working days in each month, from the 20th to the 26th, for a period of several months, covering the latter part of 1878 and the first part of 1879.

In each instance in this table, it is to be observed, the transactions are those of one bank or firm only, and in making up the aggregate, from which the percentages are calculated, the business for several days has been taken; differing in these respects from the returns hereafter given from the National banks in this country, which are results obtained from combining the transactions upon one day, and for the most part of the same day, of a large number of banks doing business in widely different sections of the country.

PROPORTION OF BANK CHECKS USED, FROM DATA PRESENTED BY PRESIDENT GARFIELD.

The first information ever given upon this subject in this country was compiled by the late President Garfield, who was well known as a careful investigator of economic subjects.

In his speech on resumption, delivered in the House of Representatives on November 16, 1877, he said:

> In 1871, when I was chairman of the Committee on Banking and Currency, I asked the Comptroller of the Currency to issue an order, naming fifty-two banks which were to make an analysis of their receipts. I selected three groups. The first was the city banks. The second consisted of banks in cities of the size of Toledo and Dayton, in the State of Ohio. In the third group, if I may coin a word, I selected the "countriest" banks, the smallest that could be found, at points away from railroads and telegraphs. The order was that those banks should analyze all their receipts for six consecutive days, putting into one list all that can be called cash—either coin, greenbacks, bank notes, or coupons, and into the other list all drafts, checks, or commercial bills. What was the result? During those six days $157,000,000 were received over the counters of the fifty-two banks; and of that amount, $19,370,000—12 per cent. only—in cash, and eighty-eight per cent., that vast amount representing every grade of business, was in checks, drafts, and commercial bills.

RECEIPTS IN MONEY AND CHECKS OF ALL THE NATIONAL BANKS.

In order to obtain the fullest possible information on this subject the Comptroller recently issued two circular letters to the National

banks, asking for classified returns of their receipts and payments at different dates. The first circular requested a return to be made for June 30, which date marked the close of the fiscal year; and the second one asked for a return on September 17, which was the middle of the third month following. It was believed that a comparison of returns made for dates so dissimilar would be a substantial test of their accuracy, and would present a fair average of their operations for the current year. Returns for June 30, were received from 1,966 of the 2,106 national banks then in operation, and in response to the request for statements for the date of September 17, returns were received from 2,132 banks, being all of the banks in operation at that date. A few of these later returns, about fifty in number, were for a day subsequent to September 17, but their relative number being small they have been tabulated as being of that date.

The total receipts of the 1,966 banks, on June 30 last, were 284 millions of dollars, ($284,714,017). Of this amount there was less than two millions ($1,864,105) in gold coin, about half a million ($440,997) in silver coin, and eleven and one-half millions ($11,554,747) in paper money; the remainder, amounting to 270 millions ($270,854,165), being in checks and drafts, including nine millions ($9,582,500) of clearing-house certificates. The gold coin equaled 0.65 of one per cent. of the total receipts; the silver coin was 0.16 of one per cent.; the paper money 4.6 per cent.; while the checks and drafts constituted 91.77 per cent. of the whole amount; or, including the clearing-house certificates, they were equal to 95.13 per cent. In other words, the total percentage of coin and paper money received was 4.87 per cent. only, while that of checks and drafts was 95.13.

The receipts of all of the National banks, 2,132 in number, on September 17, were $295,233,779. Of the sum $4,078,044 consisted of gold coin, $500,301 of silver coin, and $13,026,570 of paper money. The remainder, amounting to $277,628,862, consisted of checks and drafts, and $6,592,337 of clearing-house certificates. The gold coin equaled 1.38 per cent. of the total receipts; the silver coin 0.17 of one per cent.; the paper money 4.36 per cent.; and the checks and drafts 91.85 per cent., while the checks, drafts and clearing-house certificates, together, were equal to 94.09 per cent. of the whole. On September 17, therefore, the total per centage of cash was 5.91 per cent. only.

TOTAL RECEIPTS OF MONEY AND CHECKS BY THE BANKS IN NEW YORK CITY AND IN FIFTEEN OTHER PRINCIPAL CITIES, AND BY THE REMAINING BANKS.

The receipts of the forty-eight National banks in New York City, on June 30, were 167 millions ($167,437,759), of which less than one-half million ($460,993.67) was in gold coin, $15,996.95 in silver coin, and $1,706,604.06 in paper money; the remaining 165 millions ($165,254,164) being in checks and drafts, including nearly four millions ($3,835,500) of clearing-house certificates.

The banks in New York City, on September 17, reported receipts amounting to $165,193,347, of which $805,588 was in gold coin, $7,857 in silver coin, and $1,071,315 in paper money, the remainder, $163,308,587, being in checks and drafts, including $3,792,000 of clearing-house certificates.

The receipts of the 187 banks in the fifteen reserve cities, exclusive of New York, on June 30, were seventy-seven millions ($77,100,705), of

which $581,070 was in gold, $114,485 in silver. $3,631,710 in paper money, and seventy-two millions ($72,773,450) in checks and drafts, including $5,747,000 of gold clearing-house certificates.

On September 17 the receipts of 189 banks in fifteen reserve cities, exclusive of New York, were $77,922,246, of which $1,448,415 was in gold, $138,248 in silver, $4,486,045 in paper money, and $71,849,538 in checks and drafts, including $2,734,378 in clearing-house certificates.

The total receipts of the banks outside of the cities, 1,731 in number, on June 30, were forty millions ($40,175,542), of which $822,041 was in gold coin, $310,516 in silver coin, six millions ($6,216,433) in paper money, and nearly thirty-three millions ($32,826,552) in checks and drafts.

On September 17 these banks, 1,895 in number, received $52,118,185, of which $1,724,040 was in gold coin, $354,197 in silver coin, $7,469,210 in paper currency, and $42,570,738 in checks and drafts.

TOTAL RECEIPTS AND PROPORTIONS OF GOLD COIN, SILVER COIN, PAPER MONEY, AND CHECKS AND DRAFTS.

In the following tables are shown, both for June 30 and September 17, the proportions of gold coin, silver coin, paper money, and checks and drafts, including clearing-house certificates, to the total receipts, in New York City, in the other reserve cities, and in banks elsewhere, separately, and also the same proportions for the United States:

JUNE 30, 1881.

Localities.	*No. of banks.*	*Receipts.*	*Proportions.*			
			Gold coin.	*Silver coin.*	*Paper currency.*	*Checks, drafts, etc.*
			Per cent.	*Per cent.*	*Per cent.*	*Per cent.*
New York City..............	48	$167,437,759	0.27	0.01	1.02	98.70
Other reserve cities	187	77,100,715	0.76	0.15	4.71	94.38
Banks elsewhere.................	1,731	40,175,542	2.04	0.77	15.47	81.72
United States...............	1,966	$284,714,016	0.65	0.16	4.06	95.13

SEPTEMBER 17, 1881.

New York City..................	48	$165,193,347	0.54	0.01	0.65	98.80
Other reserve cities............	189	77,922,247	1.86	0.18	5.61	92.35
Banks elsewhere.................	1,895	52,118,185	3.31	0.08	14.27	81.74
United States...............	2,132	2 5,233,779	1.38	0.17	4.36	94.09

On June 30 the proportion of gold coin to the whole receipts in New York City was 0.27 of one per cent.; of silver coin, 0.01 of one per cent.; of paper money, 1.02 per cent.; and of checks and drafts, including clearing-house certificates, 98.7 per cent.

The percentage of gold coin received in the fifteen other cities was 0.76; of silver coin, 0.15; of paper currency, 4.71; and of checks and drafts, 94.38. The percentage of gold coin received by the banks not included in these cities was 2.05; of silver coin, 0.77; of paper currency, 15.47; and of checks and drafts, 81.71.

Taking all the banks together, the relative proportion of gold coin received was 0.65, of silver coin, 0.16, of paper currency, 4.06, and of checks and drafts 95.13 per cent.

On September 17 the proportion of gold coin to the whole receipts in New York City was 0.545 of one per cent., and of silver coin, 0.005 of one per cent.; of paper money, 0.65 of one per cent., and of checks and drafts, including clearing-house certificates, 98.8 per cent.

The percentage of gold coin received in fifteen other cities was 1.86; of silver coin, 0.18; of paper currency, 5.61; and of checks and drafts, 92.35. The percentage of gold coin by the remaining banks in the country was 3.31; of silver coin, 0.68; of paper currency, 14.27; and of checks and drafts, 81.74. The receipts of the 2,132 banks together show a relative proportion of gold coin, 1.38; of silver coin, 0.17; of paper currency, 4.36; and of checks and drafts, 94.09.

The checks received by the banks in New York City, including both State and National, on the 30th June, 1881, and which were cleared on the following day, amounted to 141 millions. Of this amount, 113 millions were cleared by twenty-three banks, all of which have relations to a greater or less extent with brokers. From an examination of the clearings of each of these twenty-three banks, it was found that the total of certified checks on that day amounted to about eighty millions, of which it is probable that at least ninety per cent., or seventy-two millions, represented stock transactions. About ten per cent of this amount should be allowed for the daily payment and reborrowing of loans by brokers, which is accomplished by means of certified checks. It is therefore estimated by those who are conversant with these subjects, that of the 141 millions of exchanges, about sixty-five millions represent stock-exchange transactions,

There are really no data upon which a conclusion can be obtained as to what proportion of these large stock transactions are speculative, and what legitimate, or for investment. It is estimated, however, by those who have had long experience in the business, that not more than five per cent. of all purchases and sales at the stock board are for investment account. Assuming that these estimates are reasonable, it would follow that about sixty millions of the 141 millions of clearings upon June 30, or about three-sevenths of the whole, represent the speculative transactions of the stock board, and that eighty-one millions, or four-sevenths, represent legitimate business transactions.

NAVIGATION OF HUDSON BAY.

A question which is regarded as of some importance and is attracting corresponding attention in Canada is whether or not Hudson Bay can be safely navigated for a considerable part of each year. *The Toronto Globe* remarks that "if steamers can get through the straits for six or even five months of the year, the construction of a railway from the heart of the Northwest to a point near Fort Nelson is certain, sooner or later." *The Globe* suggests that an exploration of Hudson Bay should be undertaken by the British Government by means of a steamer belonging to the fleet which is constantly kept in the Atlantic, with headquarters at Halifax. The cost of such an investigation to the Imperial Government would be small, but Canada cannot afford to organize an independent expedition for the purpose.

CURRENT EVENTS AND COMMENTS.

RAILROAD DEVELOPMENT.

Mr. Edward Atkinson prophesies, after allowing for one commercial crisis and one railroad panic within the next seven years, that 117,500 miles of new railroad will be built before the beginning of 1900. There were 91,000 in operation at the first of 1881, and he expects this figure to be swelled to about 209,000 by the close of the century. The State of Massachusetts had on the 1st of January, 1881, one mile of road to each 4.12 square miles of surface, and the rest of the world followed in this order: Belgium, England and Wales, New Jersey, Connecticut, Rhode Island, Ohio, Illinois, Pennsylvania, Delaware, Indiana, New Hampshire, Switzerland, ending with New York, which has one mile of road to each 9.8 square miles. He concludes that some sections of the country will never need more than one mile of road to 64 square miles, while others will have it for 32, 16 and 8, since the presence of navigable streams and wide mountain ranges will affect the need and adaptability of a country for railroads.

CONGRESS AND PRIVATE CLAIMS.

There has lately been published a letter upon the subject of private claims before Congress which was written by Joshua R. Giddings to Elihu B. Washburne, May 25, 1864. In it Mr. Giddings said that in his opinion the whole system of passing upon private claims by the Legislative Department of the Government should be abolished. He characterized it as corrupting to the morals of the nation, and declared that nine-tenths of such claims were neither legal nor just, and that their payment was sheer robbery of the Treasury for the benefit of men most of whom were base speculators. This opinion he based upon his long experience as Chairman of the Committee on Claims, and he quoted, in further support of it, from a report of that committee as long ago as 1816, in which it was declared that the system "holds out temptations to fraud, forgery, and perhaps perjury."

COST OF GAS.

The Buffalo *Express* gives an interesting table of the prices paid for illuminating gas in some of the principal cities in this country. In five of the seventy-three cities on the list, private consumers pay the same as in New York—$2.25 per thousand; in twenty-one cities the price is less, and forty-seven it is more. Pittsburgh stands first, with gas at $1 per thousand, and Ithaca next at $1.20. Then follow Allegheny, $1.25; Cleveland, $1.65; Poughkeepsie, $1.75; Columbus, O., $1.80, and so on. There seems to be no fixed ratio between the size of the town and the price of gas. In most cases gas is sold to cities at a somewhat lower rate than to private consumers, but Dubuque, Ia., is a very noticeable exception, for there the city pays $7 per thousand, while the consumer is charged $3.50.

AMERICAN AGRICULTURE.

The U. S. Commissioner of Agriculture reports that there are 7,600,000 persons engaged in farming in this country; that the total value of farms and farm implements is $13,461,200,343; about two-thirds of the productive wealth of the nation. The value of farm products and live stock of 1878 was $300,000,000, against $2,800,000,000 of mining and manufacturing products. A majority of the adult male portion of the United States is engaged in agriculture, and more than half the wealth of the Union is invested in that industry. There are 2,000,000 persons engaged in mining and manufacturing, whose interests are closely allied with those of the agriculturist.

SOUTHERN COTTON-SEED-OIL MILLS.

The cotton-seed-oil mills that are rapidly being put in operation in the South are creating no little stir and discussion as to their effect on the agricultural interests of the country. This is a comparatively new industry, and we already find no less than 120,000 tons of oilcake, or cotton-seed oil, have but recently been shipped abroad, not counting the supply sold and consumed in non-cotton producing sections of our own country.

LOUISIANA.

Governor McEnery, in his message to the Legislature convened Dec. 5th, says: "There is no reason for the continued cry of poor Louisiana and her impoverished people. We must realize the fact that she is rich, and force her to the front rank of the States. Her assessment roll for 1880 shows a valuation of $177,096,459, and for 1881, $181,660,291. This is wrong and should be corrected. Such valuations do us no credit. When the property of this State is thoroughly assessed, even at two-thirds of its value, it will show a valuation of quite $300,000,000. The constitutional limit on taxation will then be more than sufficient. The tax rates can then be reduced, the State Government sustained and the State debt annually decreased. Confidence will be restored; our bonds will be on the market, at reasonable interest, commanding a premium; capital will rapidly find its way here, and we will no longer be humiliated by the low credit of our State."

The silk industry is reviving in Louisiana, the news of this spring's hatching being very encouraging. Interest in the culture is growing, and inducements are offered to silk workers to come from France and engage in the business. The first exports of silk from Louisiana were made as far back as 1718. The culture of silk is also being revived in South Carolina and Georgia.

ALLIGATOR LEATHER

Alligator leather has been in use about twenty-one years. Its many advantages, among others that it is absolutely waterproof, caused it rapidly to grow in favor. So rapid was the growth of this leather in public favor, that the lagoons of Louisiana were almost entirely cleared of the reptiles, and the center of the traffic in the salted skins changed from Louisiana to Florida. Throughout the vast swamps of the latter State the hunting of alligators has become a regular business, vast quantities being annually captured, and such proportions of the skin as can be utilized are sent north.

RAMIE IN THE SOUTH.

It was long ago conceded that the cultivation of this plant would prove a very God-send to the South if only some simple and economical method of making it marketable could only be invented. Now, at last, unless the New Orleans *Democrat* is greatly at fault, this great desideratum has been achieved. Mr. Kendall has invented a machine that does the business of cleansing the fiber, while Dr. Roberts has discovered a chemical that bleaches it to to the whiteness of snow. Their experiments not only with the ramie, but with other fiber-producing plants, have, so the public is assured, been attended with the most gratifying success. So confident is the *Democrat*, it dares to say that "this entire problem, with its several ramifications, is completely and satisfactorily solved." The ramie is what is otherwise called "rhea" or "China grass" and is extensively cultivated in India." Whether it will be extensively cultivated in the South or not seems to depend largely upon the success or failure of the invention already alluded to—the great difficulty at present being in separating the fiber from the stalk. This now has to be done by manual labor, a slow and tedious task. The English Government once offered a prize of $ 24,000 for a machine that would do the work.

QUICKSILVER.

J. B. Randol, manager of the New Almaden Mine, has prepared a careful statement of the product of quicksilver in California, Austria and Spain for the past thirty-one years, from which interesting facts are gleaned. The New Almaden Mine, in Santa Clara County, is the only California cinnabar deposit that has been worked continuously during this period. There are twenty-five or thirty mines of this character in the State. The object of the statement is to show the importance of California as a source of the world's supply of this metal. The total yield of the California mines from 1850 to 1880, both years inclusive, compares as follows with the famous Almaden Mine, of Spain, and Indria Mine, of Austria:

California prod uct, flasks of 75½ lbs..............		1,197,995
Spain, flasks of 76.07 lbs..........................	902,364	1,142,198
Austria...	239,834	
Excess for California flasks..................		54,897

SAHARA DESERT RAILROAD.

The French built the Suez Canal, the greatest feat of engineering of the last decade, and it is French enterprise which proposes to carry on another scheme quite as important as the great canal. It is to build a railroad across the desert of Sahara. The plan is to build a road from the French possessions in Africa through the desert to the headwaters of the Niger, and to form a junction with a railroad running east from the French colony of Senegal. Beyond the Sahara lies the Soudan, an India in an ocean of sand, with fifty millions of inhabitants, who are eager to receive European productions and to export their gums, their cotton, and their coffee. For more than a year expeditions under the authority of the French Government have been pushing their explorations. In the present disturbed state of the native population of North Africa nothing can be done. But when peace is restored we may see the project revived.

EXTENSION OF THE JAPANESE TELEGRAPH.

The telegraph system in Japan, which dates from 1871, comprised at the beginning of last year 3929 miles of line, with 9345 miles of wire. The total number of telegrams during the year was 1,272,756, of which about ninety-six per cent. were in Japanese, while international messages numbered 22,695. The Japanese language having no regular alphabet, it became necessary for telegraphic purposes to form a combination of Morse characters to represent the sound of the syllabary known as the Katakana. This was effected by using the letters of the international code, supplemented by others formed of five dots and dashes (figures excepted), to produce a total of forty-seven signs, and the alphabet thus constituted is stated to have given tolerable satisfaction during the nine years that have passed since its introduction. A telegraph school has been started for training Japanese youths as operators, and during the last year 227 were appointed to new offices or sent out as reliefs, leaving ninety-seven under tuition. They are taught to write and speak English and French, and receive the rudiments of an English education. In 1880 there were 112 offices open for general traffic, local and international, and seventy others connected with Government departments, railways or police, while fifty-three are kept open day and night. There are 348 Morse instruments in use, twenty-six single needle blocks and twenty-nine telephones of the Bell pattern.

A VALUABLE TREASURE-TROVE.

A treasure-trove of great value, and not a little historical interest, is reported from Niedersteinbrunn in Alsace. An earthenware jar has been dug up on the site of an old house, containing about 4,000 gold coins of the aggregate weight of nearly twenty pounds. They are all of the same mintage, bearing dares from 1617 to 1623. On one side is the effigy of a double eagle, with the name of Berchtold V., Duke of Zahringen, founder of the city of Berne, and also of Freiburg-im-Breisgau. On the reverse are the arms of Berne, a bear on a mown field.

ANCIENT EXTRAVAGANCE AND MODERN.

Some startling instances of extravagance and prodigality are given by the writer of an article on *Ancient and Modern Luxury*, which appears in the new *Quarterly*. From the days when Lucullus spent £1400 on a supper, and Caligula swallowed jewels, to modern times, when a certain Chinese lady is said to have rented an island for the special supply of bird's nests for her soup, the story is the same. Alcibiades gave £250 for a dog; and Augustus states, as a title to gratitude, that he had exhibited 8000 gladiators and given 3500 beasts to be killed. Lollia Paulina wore a set of jewels valued at £400,000, and Nero's diadem cost 5200 gold crowns. A chateau for Mme. de Montespan was only erected for 2,861,728 livres. The Duc de la Torres gave 25,000 crowns for a horse. The household expenses of Louis XVI were enormous; his sisters were said to have burnt candles costing 215,068 livres in a year. The outfit for an eight days' visit to the Compiegne Court of Napoleon III was 12,000 francs. The conclusion at which the writer arrives is that if the fancy and sense of beauty are never to be advanced the higher faculties will become torpid. "Race without wants, race without ideas. Who thinks of Sparta when we speak of Greece? 'A thing of beauty is a joy forever,' and the creations of the age of Pericles are a lasting boon to mankind."

STATISTICS OF NATIONAL AND STATE BANKS AND PRIVATE BANKERS.

The statistics here given, relating to the number, capital, and deposits of National banks, State and Savings banks, and private bankers, are derived from the report of Comptroller Knox.

The capital of the 2,115 National banks in operation on June 30, 1881, was $460,227,835, not including surplus, which fund at that date amounted to more than 126 millions of dollars, while the average capital of all the State banks, private bankers and Savings banks, for the six months ending May 31. 1880, was but $210,738,203. The latter amount is but little more than one-third of the combined capital and surplus of the National banks.

The following table exhibits in a concise form, by geographical divisions, the total average capital and deposits of all State and Savings banks and private bankers in the country, for the six months ending May 31, 1881:

Geographical divisions.	*State banks and trust companies.*			*Private bankers.*			*Savings banks with capital.*			*Savings banks without capital.*	
	No.	*Capital.*	*Deposits.*	*No.*	*Capital.*	*Deposits.*	*No.*	*Capital.*	*Deposits.*	*No.*	*Deposits.*
		Mlns	*Mlns.*		*Mlns.*	*Mlns.*		*Mlns.*	*Mlns.*		*Mlns.*
N. England States.	41	7.26	20.97	80	4.70	5.16	1	.02	.19	424	402.86
Middle States.....	218	39.28	189.78	938	55.40	94.11	7	.61	4.68	174	428.40
Southern States...	240	24.71	42.43	258	5.59	17.32	6	.44	.84	3	1.24
West'n States and Territories... ..	479	41.94	132.44	1,762	27.64	125.26	22	3.15	31.90	28	29.86
United States...	978	113.19	385.62	3,038	93.33	241.85	36	4.22	37.61	629	862.36

The table below exhibits the capital and net deposits of the National banks on June 30, 1881, together with the aggregate average capital and deposits of all classes of banks other than National, for the six months ending May 31, 1881:

Geographical divisions.	*State banks, Savings banks, private bankers, etc.*			*National banks.*			*Total.*		
	No.	*Capital.*	*Deposits.*	*No.*	*Capital.*	*Net deposits.*	*No.*	*Capital.*	*Deposits.*
		Mlns.	*Mlns.*		*Mlns.*	*Mlns.*		*Mlns.*	*Mlns.*
New England States.	546	12.0	429.2	552	165.9	208.6	1,098	177.9	637.8
Middle States.... ...	1,337	95.3	717.0	664	171.7	599.7	2,001	267.0	1,316.7
Southern States......	507	30.7	61.8	184	31.1	59.5	691	61.8	121.3
Western States and Territories.........	2,291	72.7	319.4	715	91.5	272.1	3,006	164.2	591.5
United States ...	4,681	210.7	1,527.4	2,115	460.2	1,139.9	6,796	670.9	2.667.3

From this table it will be seen that the total number of banks and bankers in the country at the date named was 6,796, with a total banking capital of $670,966,043, and total deposits of $2,667,343,595.

The following table shows, by geographical divisions, the number of private bankers in the United States, with the aggregate amount of their capital, deposits, and investments in United States bonds, for the six months ended May 31, 1881:

Geographical divisions.	*No. of Banks.*	*Capital.*	*Deposits.*	*Invested in U. S. bonds.*
New England States	80	$4,698,782	$5,162,708	$1,067,652
Middle States	938	55,397,130	94,104,980	11,401,808
Southern States	258	5,588,828	17,323,504	263,780
Western States and Territories	1,762	27,639,115	125,254,362	3,937,254
United States	3,038	$93,323,855	$241,845,554	$16,670,494

The table below is a recapitulation of the foregoing, showing by groups the aggregates for the bankers in the sixteen principal cities, in the thirty-one States and Territories, having a private banking capital in excess of $100,000, and in the fifteen remaining States and Territories:

Recapitulation.	*No. of Banks.*	*Capital.*	*Deposits.*	*Invested in U. S. bonds.*
Principal cities	717	$58,534,300	$89,996,545	$12,370,012
Principal States and Territories	2,255	34,169,435	148,178,652	4,227,815
Remaining States and Territories	66	620,120	3,670,357	72,667
United States	3,038	$93,323,855	$241,845,554	$16,670,494

The following table exhibits, for corresponding dates nearest to May 31 in each of the last six years, the aggregate amounts of the capital and deposits of each of the classes of banks given in the foregoing table:

Years.	*National banks.*			*State banks, private bankers, etc.*			*Savings banks with capital.*			*Savings banks without capital.*		*Total.*		
	No.	*Capital.*	*Deposits.*	*No.*	*Capital.*	*Deposits.*	*No.*	*Capital.*	*Deposits.*	*No.*	*Deposits.*	*No.*	*Capital.*	*Deposits.*
		Mlns.	*Mlns.*		*Mlns.*	*Mlns.*		*Mlns*	*Mlns.*		*Mlns.*		*Mlns.*	*Mlns.*
1876	2,091	500.4	713.5	3,803	214.0	480.0	26	5.0	37.2	691	844.6	6,611	719.4	2,075.3
1877	2,078	481.0	768.2	3,799	218.6	470.5	26	4.9	38.2	676	843.2	6,579	704.5	2,120.1
1878	2,056	470.4	677.2	3,709	202.2	413.3	23	3.2	26.2	668	803.3	6,456	675.8	1,920.0
1879	2,048	455.3	713.4	3,639	197.0	397.0	29	4.2	36.1	644	747.1	6,360	656.5	1,893.5
1880	2,076	455.9	900.8	3,798	190.1	501.5	29	4.0	34.6	629	783.0	6,532	650.0	2,219.9
1881	2,115	460.2	1,139.9	4,016	206.5	627.5	36	4.2	37.6	629	862.3	6,796	670.9	2,667.3

The following information in reference to private bankers in sixteen of the principal cities has been separated, it being thought that it will prove of special interest:

Cities.	*Number of banks.*	*Capital.*	*Deposits.*	*Invested in U. S. bonds.*
Boston	47	$4,065,097	$2,570,068	$1,003,343
New York City	508	45,482,515	45,414,376	9,670,751
Albany	3	550,000	1,611,470	351,000
Philadelphia	52	1,890,614	6,174,785	224,208
Pittsburgh	7	563,910	2,025,477	20,374
Baltimore	19	773,657	2,389,032	195,384
Washington	6	364,000	3,747,703	287,029
New Orleans	5	32,000	——	——
Louisville	3	178,000	728,464	——
Cincinnati	8	812,167	3,863,817	280,205
Cleveland	4	55,000	963,938	8,967
Chicago	24	2,004,197	10,455,063	172,589
Detroit	7	161,256	945,669	7,333
Milwaukee	4	64,667	530,047	350
St. Louis	11	261,302	304,976	44,405
San Francisco	9	1,275,918	8,271,660	104,074
Totals	717	$58,534,300	$89,996,545	$12,370,012

The following table gives similar information for the thirty-one States and Territories, exclusive of the cities in the above table, having an amount of capital in excess of $100,000. In this table the number of private bankers is 2,255; the aggregate amount of capital, $34,169,435; and of deposits, $148,178,652, the average capital being $15,152, and the average deposits $65,711:

States and Territories.	*Number of banks.*	*Capital.*	*Deposits.*	*Invested in U. S. bonds.*
Illinois	310	$4,183,346	$21,656,149	$1,245,738
Pennsylvania	172	4,140,679	19,978,585	288,461
Ohio	213	4,119,220	19,931,774	656,222
Indiana	106	3,130,268	11,870,164	571,999
Iowa	276	2,975,737	10,388,843	67,287
Texas	107	2,560,951	7,033,240	14,000
New York	163	1,551,347	12,699,067	364,268
Michigan	137	1,213,796	5,218,413	74,464
Missouri	81	1,120,244	6,843,267	134,142
Kansas	135	1,001,172	4,076,393	32,600
Wisconsin	79	848,746	4,901,883	111,960
Minnesota	89	679,227	2,772,567	45,848
Nebraska	86	675,300	2,053,586	14,070
Alabama	21	564,085	1,372,342	800
Colorado	51	547,827	2,705,441	15,000
Montana	14	512,706	904,498	——
Georgia	30	478,910	1,308,131	7,000
Oregon	12	436,500	973,519	250,000
California	22	387,709	1,022,592	——
Virginia	18	369,792	2,102,077	35,000
Kentucky	23	368,731	1,936,815	80,000
Rhode Island	7	358,181	462,268	32,613
Mississippi	11	314,579	833,326	48,280
Nevada	9	292,851	637,530	100,000
Washington	9	284,050	657,015	——
South Carolina	8	229,956	53,921	——
Dakota	37	216,263	484,335	——
Connecticut	12	168,500	1,359,079	8,063
Utah	10	157,225	1,484,710	——
Louisiana	3	146,329	35,812	30,000
Wyoming	4	135,208	421,310	——
Totals	2,255	$34,169,435	$148,178,652	$4,227,815

The remaining fifteen States and Territories, not enumerated in the above table, contain sixty-six private bankers, with an aggregate capital of $620,120, and aggregate deposits of $3,670,357. Massachusetts has only three private bankers, outside the city of Boston, with an aggregate capital of $50,000 and aggregate deposits of $539,028. Maryland has but two private bankers, outside of the city of Baltimore. The State of Maine has but seven private bankers, North Carolina four, New Hampshire four, New Jersey five, Delaware and Vermont only one each, Florida six, and Arizona five. The average amount of capital held by each of these sixty-six private bankers is $9,244, and of deposits $57,127.

The total number of private bankers in the foregoing cities is 717, with an aggregate capital of $58,534,300, and aggregate deposits of $89,996,545—the average capital being $81,637, and the average deposits $125,518. About seventy per cent. of these private banks are located in New York City, representing nearly four-fifths of the aggregate capital and more than one-half of the aggregate deposits. The average amount of capital and deposits of each private banker in the city of New York is about $89,000; and the bankers in that city also held $9,670,721 of United States bonds, which is more than one-half of the amount of such bonds held by all of the private bankers of the country.

The following abstract has been compiled, showing the resources and liabilities of State banks and trust companies for the last two years, the number reporting in 1880 being 650, and in 1881 683:

RESOURCES.	1880.		1881.
Loans and discounts	$281,496,731	..	$352,725,986
Overdrafts	597,699	..	1,407,695
United States bonds	26,252,182	..	27,680,025
Other stocks, bonds, &c	35,661,792	..	42,330,957
Due from banks	40,340,345	..	54,662,829
Real estate	19,489,086	..	21,396,772
Other assets	7,374,037	.	11,941,741
Expenses	979,492	..	1,136,427
Cash items	11,176,592	..	16,900,762
Specie	6,905,977	..	17,925,628
Legal tenders, bank notes, &c	51,500,226	..	27,391,317
Total	$481,774,159	..	$575,500,139
LIABILITIES.			
Capital stock	$109,318,451	..	$112,111,325
Circulation	283,308	..	274,941
Surplus fund	25,008,431	..	27,857,976
Undivided profits	10,774,731	..	12,237,320
Dividends unpaid	486,094	..	576,413
Deposits	298,759,619	..	373,032,632
Due to banks	18,613,336	..	19,105,664
Other liabilities	18,530,189	..	30,303,868
Total	$481,774,159	..	$575,500,139

The foregoing table was prepared from returns from five New England States, exclusive of Maine, which has but one State bank in operation; from four Middle States, not including Delaware; and from all the Western States, excepting Illinois, Kansas, and Nebraska. The only Southern States represented therein are South Carolina, Georgia, Louisiana, Texas, and Kentucky. The only Pacific State is California. There is but one State bank in New Hampshire, six in Vermont, and none in Massachusetts. There are, however, five trust and loan companies in the latter State, and ten in Connecticut.

SAVINGS BANKS.

The following table exhibits the aggregate resources and liabilities of 629 Savings banks in 1880 and in 1881:

RESOURCES.	1880.		1881.
Loans on real estate	$315,273,232	.	$307,096,158
Loans on personal and collateral security	70,175,090	..	95,817,641
United States bonds	187,413,220	..	210,845,514
State, municipal, and other bonds and stocks	150,440,359	..	159,819,942
Railroad bonds and stocks	20,705,378	..	27,069,048
Bank stock	32,225,923	..	33,249,203
Real estate	39,038,502	..	41,987,674
Other assets	27,053,452	..	37,408,163
Expenses	216,423	..	135,572
Due from banks	22,063,091	..	40,603,641
Cash	17,072,680	..	13,758,106
Total	$881,677,350	..	$967,790,662
LIABILITIES.			
Deposits	$819,106,973	..	$891,961,142
Surplus funds	51,226,472	..	60,289,905
Undivided profits	4,740,861	..	10,325,800
Other liabilities	6,603,044	..	5,213,815
Total	81,677,350	..	$967,790,662

To the foregoing information derived from Comptroller Knox's report, we append a statement of the State Bank Examiner of New York, showing the condition of the Savings banks of that State on the 7th of November.

LIABILITIES.

Deposits	$26,474,554 97
Reserved fund	871,015 33
Special reserved fund	162,204 04
Profits	671,082 17
Other liabilities	182,545 35
	$28,361,401 86

RESOURCES.

Cash	$1,237,221 86
United States bonds	5,802,259 88
State of Maine bonds	55,385 00
Other public funds	7,709,352 77
Railroad bonds	2,541,579 83
Bank stock	1,199,463 83
Real estate	1,200,438 19
Other investments	864,047 89
Loans on mortgages of real estate	4,984,511 18
Other loans	2,766,652 23
	$28,361,401 86
Present number of Savings banks	55
Present number of depositors	87,977
Present number of depositors not over $500 each	60,797
Present number of depositors over $500 each	27,180
Net increase of deposits the past year	$2,860,898 37
Net increase of reserved fund the past year	263,385 70
Amount of dividends paid depositors the past year	1,006,493 35
Amount of State tax paid the past year	174,226 04
Increase of investment in U. S. bonds the past year	1,606,347 99
Decrease of investment in State of Maine bonds the past year	12,250 00
Increase of investment in other public funds the past year	563,577 97
Increase of investment in railroad bonds the past year	174,491 11
Increase of investment in bank stock the past year	424,567 50
Decrease of loans on mortgages of real estate the past year	254,952 10

The foregoing table includes the returns from the six New England States, from four Middle States, not including Delaware, from the State of California, and from three other States and the District of Columbia. The aggregate of loans in the New England States is $230,239,027, and of deposits $403,304,135. In the Middle States the aggregate of loans is $130,204,828, and of deposits $424,212,944.

Some of the largest Savings banks in the city of Philadelphia, organized under old charters, are not required to make reports to any State office. Returns received directly from four of these banks, having deposits amounting to $26,895,295, are included in the returns for the State of Pennsylvania.

The Savings-bank deposits given in the foregoing table for 1881, based on reports made to the State authorities, are $891,961,142, and the deposits of the State banks and trust companies were $373,032,632. These deposits do not include bank deposits. The deposits of the National banks on October 1, 1881, exclusive of those due to banks, were $1,086,942,470. These deposits of the National banks bear to those of the Savings banks the proportion, nearly, of fifty-five to forty-five, to those of the State banks and trust companies the proportion of seventy-four to twenty-six, and to the combined deposits of both the proportion of forty-six to fifty-four.

The total population of New England, according to the census of 1880, is 4,010,529, and the number of open deposit accounts in the Savings banks is 1,227,899; which is equal to 30.6 accounts to each one hundred of the entire population. The average amount of each account is $328.45; and if the

total deposits were divided among the entire population, the average sum of $100.56 could be given to each individual.

The deposits of the Savings banks in the State of New York were $353,629,657, while the population is 5,082,871; showing that an equal distribution of the Savings-bank deposits, among the entire population of the State would give $69.57 to each individual.

BANK EXAMINATIONS.

The following extract from Comptroller Knox's report possesses a peculiar interest on account of the recent bank failures in Newark and Boston:

Section 5147 of the Revised Statutes provides that each director, when appointed or elected, shall take an oath that he will, so far as the duty devolves on him, diligently and honestly administer the affairs of such association, and will not knowingly violate or permit to be violated any of the provisions of this act. Section 5136 also provides that the association shall have power to prescribe, by its board of directors, by-laws not inconsistent with law, regulating the manner in which its stock shall be transferred, its directors elected or appointed, its officers appointed, its property transferred, its general business conducted, and the privileges granted to it by law exercised and enjoyed.

In accordance with the provisions of this last named section, by-laws are generally adopted by National banks soon after their organization, which usually contain, among other provisions, sections similar to the following:

There shall be a standing committee, to be known as the "Exchange Committee," appointed by the board, every six months, to continue to act until succeeded, who shall have power to discount and purchase notes and bills and other evidence of debts, and to buy and sell bills of exchange, and who shall, at each regular meeting, make a report of the notes and bills discounted and purchased by them since their last previous report.

There shall be appointed by the board every three months a committee, whose duty it shall be to examine into the affairs of the bank, to count its cash, and to compare its assets and liabilities with the balances on the general ledger for the purpose of ascertaining that the books are correctly kept and the condition of the bank corresponds therewith, and that the bank is in a sound and solvent condition; the result of which examination shall be reported to the board at its next regular meeting.

The object of these by-laws is, first, to keep the board of directors continuously informed what notes and bills are discounted, and to furnish them with a detailed account thereof; and secondly to establish a check by the directors upon the cashier, teller and bookkeeper of the bank, to whose immediate custody and control the assets and accounts of the bank are committed. A method is thus provided by which the diligent and continuous administration of the directors, which is required by their oaths, shall be performed.

It is thus seen that both the laws of the United States and the by-laws adopted by the directors themselves, under the law, in clear terms define their duties. The men employed by them in the banks are under their supervision, the law providing—

That the bank shall have power to elect or appoint directors, and by this board of directors to appoint a president, vice-president, cashier, and other officers, define their duties, require bonds of them and fix the penalty thereof, dismiss such officers or any of them at pleasure, and appoint others to fill their places.

The duties of the board of directors are plainly defined, and however innocent they may be of any intention of wrong, they are responsible for the safety of funds committed to their care If it can be shown that any of them had notice of illegal transactions, it is a serious question whether they are not legally bound to make good the loss which may occur; and it is a question

whether they are not also liable for losses which may occur from neglect of duty, even without notice. If this is not the just and proper construction of the present law, then it becomes a subject for the consideration of Congress, whether additional legislation upon this point is not required. The National Bank Act is full of restrictions, to which reference has already been made in another portion of this report, such as those requiring an adequate reserve; the enforced accumulation of the surplus; the method of increasing and reducing the capital stock and its prompt restoration if impaired; the prohibition against making loans on real estate and on the security of their own shares of stock, or of accommodation or other loans than business paper, in excess of one-tenth of the capital of the bank; the prohibition against the declaration o dividends unless earned; against certifying checks without the necessary deposit; and many other similar provisions. These restrictions are intended to protect these institutions, by imposing upon them general rules, which experience has shown may be properly done by the government *without its thereby becoming the guardian of the bank, or of the moneys of its depositors or stockholders, or being in any way responsible for the management of its funds.* It is the duty of the examiner to ascertain whether the officers of the bank and its directors are complying with the requirements of the law and whether they are in any way violating any of its provisions, to the end that in such case they may be enforced by the proper authority.

The stockholders elect the directors, who are usually men not only of high character and well known in the community where the bank is located, but are generally also large stockholders in the bank and having therefore each a personal interest in its prosperity and good management. The depositors confide in the bank because they believe the directors will manage its affairs honestly and diligently, and will employ honest and faithful servants for that purpose. They know that the bank is organized under laws which contain wholesome restrictions, and that it is the duty of the Comptroller, so far as he can through his corps of Examiners, to inform himself of the condition of the bank, and to require that its business shall be conducted in conformity with law.

The Examiner can have but a limited knowledge of the habits and character of those employed in the bank. If the teller is making false entries, and daily abstracting the funds of the bank; if the bookkeeper is keeping false accounts and rendering untrue statements; if the cashier is placing forged paper among the bills receivable and upon the register book, and transmitting such paper to distant places where it is purported to be payable, it is not possible for an Examiner, in a day or two, to unravel this evil work, which may have continued for months, and obtain a correct balance sheet.

A full and complete examination of a bank necessitates not only counting the cash, proving the bills receivable and stock ledger, comparing the individual deposit accounts with the general ledger, and ascertaining if the business of the bank is conducted in accordance with law; but, also, the thorough examination of all accounts, the verifying of accounts-current, and ascertaining by telegraph or letter the correctness of such verification, the calling in of every depositor's book, and correspondence with every bank or banker doing business with the bank.

Examinations should be periodically made by a competent committee, selected from the board. The directors have abundant means at their command, and if they have any reason to suspect dishonesty or fraud, it is their business to investigate thoroughly, and they should employ experts to assist them in so doing. The National-bank Examiners have, in fact, been frequently called upon by the directors of both National and State banks for this purpose; and if it is the intent of the law that the National banks shall be thus searchingly examined, it should be so amended as to make this intent clear, and should also make provision for the necessary compensation for such service. The small compensation now provided does not contemplate a a yearly auditing of all the accounts of a bank by the Examiner, as the pay is entirely inadequate for such a work—the amount allowed for the examination of banks of like capital being the same, without reference to the difference in the volume of their business.

The inspection by an Examiner of a small bank is usually completed in a day; of larger banks, through the aid of an assistant, in two or three days. But a thorough analyzing and scrutiny of everything would require one or two weeks. and if fraud was suspected it might continue for months without entirely satisfactory results.

The reports of the bank, as made to the Comptroller five times in each year, are each published in a newspaper where the bank is located, and every stockholder has, therefore, an opportunity to scrutinize these statements, and to make inquiry of the directors in reference to the affairs of the association.

The detection of embezzlement may occur as an incident, but it is not the principal object of the system of bank examinations. It is peculiarly the business of the directors, who are daily or weekly in session, to keep themselves informed of the habits and characters of their employees, to see that their time is given to the service of the bank, and that they are not engaged in speculations, and thus by continuous watchfulness, to prevent defalcations on the part of their servants; while it is the business of the Examiner to detect frauds so far as in his power, and in his occasional visits to see that the directors are loaning the funds, and, with the other officers, managing the affairs of the bank, strictly according to the provisions of the law. The Examiner's visits are usually made about once a year, while the directors are at hand at all times. Faithful performance of the duties of each gives assurance of almost absolute safety. Lax performance of duty on the part of either invites disaster. The directory must continuously look after its own servants. The Examiner looks after the acts of the directors.

The report of the Examiner is confidential. It is for the use of the Comptroller's office only, and is in no sense a certificate of the good condition of the bank. In many instances the capital stock of the bank has thus been found to be impaired, and the deficiency has been made good without the knowledge of the general public. In other instances banks have been obliged to pass their usual dividends, using their earnings to liquidate all bad and doubtful debts—the number of banks passing dividends during the present year being 175; in 1880, 230; in 1879, 304; and in 1878, 343.

Hundreds of instances have occurred annually, and many are occurring daily, wherein the banks, under the reports of the Examiner, are notified of violations of the act and are brought under the discipline of the law. The betterment of the condition of the banks and the enforcement of the requirements of the law, are part of the continual and ordinary supervision exercised by this Office. It is a supervision and labor, not seen or known of by the general public, whose attention is only arrested when some sudden or unexpected failure occurs, and this simply illustrates the fact that, with the best endeavors, and the most careful supervision by this Office, such disasters may happen in the many contingencies of administering difficult and extensive duties, if directors neglect to exercise that continuous vigilance for which they were elected, and which they have sworn to perform.

It is, however, far from correct to represent that similar defalcations in National banks have not been previously discovered. The greatest defalcation in the history of the Government, of eleven hundred thousand dollars, in the office of the Assistant Treasurer of New Orleans, which had certainly existed, in whole or in part, for more than a year, was discovered nearly fifteen years ago by an officer of this bureau, which discovery also resulted in the disclosure of a large deficiency in the First National Bank of New Orleans, and the placing of that bank in the hands of a Receiver. Since that time many of the other banks which have failed have been placed in the hands of Receivers through the vigilance of Bank Examiners; and in many other instances officers of solvent and insolvent banks have, through the same means, been indicted and convicted for criminal acts. The Bank Examiners in New York City and Boston are nominated by the Clearing Houses of those cities, and many other Examiners now employed are men of the highest character, who have for years rendered excellent service. It is of the greatest importance that all men employed in this branch of the public service shall be well trained and fitted for their work. It is not claimed that every Examiner employed is a first-class expert—the compensation authorized is not sufficient for that purpose in

many small districts. If State lines can be disregarded in the appointment of Examiners, and men be selected for these positions *upon merit alone* and kept well employed, a corps of skilled Examiners would soon be engaged in this work, who would reflect the highest credit upon this branch of the public service. The records of this Office show, however, that only one among all the Examiners ever appointed has been found guilty of wrong doing, while in no branch of the Government service have men performed more faithful duty than those who have been engaged in the examinations of the National banks.

Such disasters do not exhibit the weakness of the banking system, but rather the weakness and wickedness of human nature. The system is stiong, and carefully and elaborately guarded. Private companies and individuals are continuously suffering from embezzlements and forgeries. It is scarcely to be expected, if a robber or a forger is placed in control of all of its assets, that a National bank can be saved from disaster by the occasional visits of an Examiner. Some additional legislation will be required; but there is not so much necessity for additional restrictions as there is for increased care upon the part of Examiners. and increased diligence and sagacity on the part of directors who are in charge of great trusts.

TAXATION OF NATIONAL BANK SHARES.

U. S. CIRCUIT COURT, D. IND.

Evansville National Bank v. *Britten, Treasurer, Etc.*

Where a State law imposes upon the bank officers the duty to retain, out of dividends belonging to the respective shareholders, a sum sufficient to meet the taxes assessed upon their shares, and subjects the officer who pays dividends to a stockholder before the taxes upon his shares are satisfied, to a personal liability for such taxes, the bank holds a trust relation which enables it to maintain a suit to protect its officers in the exercise of the duties pertaining to it.

A holder of shares in a national bank, who at the time the assessment was made, had debts which were not deducted from his other credits, because he had none, and which were not deducted from the valuation of the bank shares, because the State law would not permit that to be done, is entitled to an injunction against the collection of the taxes assessed upon his shares of bank stock.

[CHICAGO LEGAL NEWS.]

HARLAN, J.

The object of this suit is to obtain a perpetual injunction against the collection of the State, county, road and school tax assessed in Vanderburgh County, Indiana, for the year 1879, upon the shares of complainant's stock, in the hands of its respective owners.

The suit proceeds upon the general ground that some of the provisions of the revenue statute of this State, passed in 1872, and under the authority of which the assessment in question was made, are in conflict with section 5219 of the Revised Statutes of the United States, which permits, as did previous legislation, State taxation of national-bank shares, subject to two restrictions, one of which is, that such taxation "shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State."

Some of the papers connected with the valuation of these shares indicate an assessment against the bank itself. But an examination of all the papers satisfy me that the assessment was intended to be, not against the bank, in its corporate capacity, but against the several shareholders upon the shares held by them respectively. Still, the right of the bank to institute the present suit cannot be doubted. The State law imposes upon the bank officers the duty to retain, out of dividends belonging to the respective shareholders, a sum sufficient to meet the taxes assessed upon their shares. And the law, further: subjects the officer, who pays dividends to a stockholder before the taxes upon his shares are satisfied, to personal liability for such taxes. What was said in *Cummings* v. *National Bank*, 101 U. S., 157, may be repeated here,

"The bank, as a corporation, is not liable for the tax, and occupies the position of a stakeholder, on whom the cost and trouble of the litigation should not fall. If it pays, it may be subjected to a separate suit by each shareholder. If it refuses, it must either withhold dividends and subject itself to litigation by doing so, or refuse to obey the law and subject itself to suit by the State. It holds a trust relation, which authorizes a court of equity to see that it is protected in the exercise of the duties appertaining to it. To prevent multiplicity of suits equity may interfere."

Passing this preliminary point, I come to the consideration of certain questions arising upon the merits, as to some of which I have had very great difficulty.

In *People* v. *Weaver*, 100 U. S., 539, it was ruled that the inhibition upon State taxation of National-bank shares "at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens," had reference to the entire process of assessment, and prevented as well an unequal valuation of such shares, compared with other moneyed capital, as an equal rate of percentage thereon. Consequently, a statute of New York, which prescribed a uniform rate of taxation upon personal property. but permitted the taxpayer to deduct his just debts from the aggregate value of his personal property, other than shares of bank stock (from the value of which latter property no such deduction was allowed), was held to work an illegal discrimination against moneyed capital invested in such shares. Such a mode of valuation the Supreme Court of the United States held, had the effect to impose greater burdens upon moneyed capital invested in bank shares than upon other moneyed capital in the hands of individual citizens.

In *Pelton* v. *National Bank*, 101 U. S. 146, the court said: "It is sufficient to say that we are quite satisfied that any system of assessment of taxes which exacts from the owner of the shares of National-bank stock a larger sum in proportion to their actual value than it does from the owner of other moneyed capital, valued in like manner, does tax them at a greater rate, within the meaning of the act of Congress."

The fundamental inquiry, therefore, is whether the statute of Indiana prescribes any rule of taxation of moneyed capital which necessarily conflicts, or which, in its application, may conflict, with the act of Congress permitting State taxation of National-bank shares.

In the prosecution of this inquiry, I have examined, with great care, the numerous, and, in some respects, complicated, provisions of the act of 1872. My examination has been conducted in the hope that I should be able to reconcile the State law, in all its parts, with the Act of Congress. But in that hope I have been disappointed. I am of opinion that the State revenue act establishes a rule of taxation which operates, in certain cases, to subject National-bank shares to greater burdens than the same act imposes upon other moneyed capital in the hands of individual citizens of Indiana.

A very brief reference to the provisions of the State law will establish this proposition.

That law provides for the taxation of National-bank shares, in the hands of the respective owners, according to their fair cash or selling value. It excludes from the valuation of such shares any estimate whatever of the shareholder's debts. No allowance or deduction on that account is permitted. Although his debts may exceed the value of his National-bank stock, he must pay taxes on the cash value of that stock, without reference to the amount of such indebtedness.

Turning, now, to the general provisions of the State law, regulating the assessment and valuation of the personal property of individual citizens (other than bank shares), I find that each taxpayer is required to list, among other things, his "credits:" 1 Rev. St. Ind. 1876, pp. 76, 81; §§ 15, 48. Under that head is included "money at interest, within or without the State." To that effect is the recent decision of the Supreme Court of this State in *Matter* v. *Campbell*, 71 Ind. 512. He is not taxed for the full or fair value of such credits, but only upon the balance which may remain after deducting the amount of his *bona fide* indebtedness, including his proportionate liability as surety for others,—arising from the inability or insolvency of

the principal debtor, and for which he believes himself to be legally and equitably bound.—but excluding all acknowledgments of indebtedness, not founded on actual consideration, or made for the purpose of being deducted: 1 R. S. Ind., p. 86, §§ 53-4; *Matter* v. *Campbell*, 71 Ind. 512. Plainly, therefore, money capital represented by loans, or invested in "credits," is not taxed as money capital, represented by National-bank stock, is taxed, viz.: according to its fair value, without reference to the indebtedness of the taxpayer. Only so much of a taxpayer's credits is taxed as exceeds the amount of his *bona fide* indebtedness. A single illustration will show the operation of the State law in some cases of common occurrence. Suppose that A, having $10,000 in money, owing debts to the amount of $6000 and having no credits, should invest that money in National-bank shares. By the State law, as we have seen, he is required to pay taxes upon the amount so invested, without deduction, in any form, of his indebtedness of $6000. But if he should loan the $10,000 and take a note therefor, or if he should buy promissory notes with that money, thereby becoming the owner of credits, he will not be required to pay taxes upon the money value of his credits, but only upon $4000, the difference between his credits and his indebtedness.

It is thus seen that under the operation of the rule prescribed by the State law, moneyed capital, not invested in National-bank shares, will, in such cases as the one supposed, be burdened with less taxation than the same amount of capital invested in such shares would be. Congress, in granting authority to the State to tax National-bank shares, certainly did not intend to expose moneyed capital, so invested, to greater burdens than were imposed upon other moneyed capital in the hands of individual citizens. On the contrary, its purpose was, for all purposes of local taxation, to place moneyed capital, represented by National-bank shares, upon the same footing with the most favored moneyed capital in the hands of individual citizens of any State exercising the power granted by Congress. Here, the State law, by way of diminished taxation, accords to moneyed capital invested in credits, held by its citizens, privileges of a substantial character which it denies to capital invested in National-bank shares.

The State law, in effect, holds out an inducement to invest in credits rather than in National-bank shares. It seems to me that that law enforces, in certain cases, a rule of taxation inconsistent with the principle of equality which underlies the legislation of Congress, and conformity to which is essential to the validity of State taxation of National-bank shares.

There are other grounds upon which the learned counsel of complainant assail the State law.

It is contended that the shareholders are subjected to double taxation, as to the real estate of the bank, because, in addition to the taxation of shares at their cash value, the bank was required to pay and did pay taxes for the same year upon the real estate used in its business It is quite sufficient to say that the bank is not entitled to relief upon this ground, since it satisfactorily appears that, excluding the real estate of the bank, the shares are not assessed beyond their fair cash or selling value.

The objection that the State law makes a discrimination in favor of individuals and corporations (other than National banks) owning United States bonds and securities, is not, I think, well taken. If I do not misapprehend this objection, it rests upon the ground that the State does not impose taxes upon securities which the law exempts from taxation. In determining whether the State has made an improper discrimination against moneyed capital invested in National-bank shares, we must look to what it has done in reference to those kinds of moneyed capital over which it has complete control for all purposes of taxation.

I come now to inquire as to what extent relief can be given to complainant by reason of the ruling that the State law establishes a principle which, in its operation, may injuriously affect the rights secured by the act of Congress to shareholders in National banks. I say *may* injuriously affect, because if the complainant's shareholders, at the time of the assessment in question, had no indebtedness to others to be deducted from the value of their assessed moneyed capital, in whatever shape that capital was, it is clear that neither they, nor

the bank as their representative, could properly invoke the judgment of the court as to the constitutionality of the State law, or obtain any injunction for the protection of shareholders who were not, in fact, injured by the assessment. In such a case the question would be wholly abstract, and the court would not consume time in its consideration. The bank, I have already said, had a right to institute this suit for its protection, and, for that purpose, to ascertain what shareholders had the right to dispute the validity of the assessment, and, consequently, to demand the full amount of their dividends, without deduction for taxes assessed upon their shares. But the bill does not allege that *all* the shareholders were in a condition to complain of the assessment. It alleges only that "sundry" or "many" of them had indebtedness which the State law did not permit to be taken into account in the assessment and valuation of their moneyed capital invested in National-bank shares. The evidence shows only four stockholders to have been in that condition, viz.: Samuel Bayard, Fred. A. Preston, John D. Preston, and David J. Mackey. This proof was, no doubt, made for the purpose of illustrating the practical operation of the State law.

In view of the rule established by the State law, I am of the opinion that every shareholder of complainant, subject to taxation in this State upon his credits, and who, at the time of the assessment, had debts which were not deducted from his credits, because he had none, and which were not deducted from the valuation of the bank shares because the State law would not permit that to be done, is entitled, through the complainant, to an injunction against the collection of the taxes assessed upon his shares for the year 1879. The decree can go no further than that.

A few days since I addressed a letter to counsel, authorizing a final decree to be entered, perpetually enjoining the collection of all the taxes assessed upon the complainant's shares of stock for the year 1879. Further reflection satisfies me that such a decree would be erroneous, and that the decree should not be broader than just indicated. Since the case has evidently not been prepared or defended upon the theory that the proof should show the condition of each shareholder as to indebtedness at the time the assessment and valuation in question was made, the parties should have a fair opportunity to make such proof. The cause must, therefore, go to a master to ascertain and report the facts.

Counsel may prepare the proper order of reference indicating the opinion of the court as far as herein disclosed. There are many details connected with the convenience of counsel which should be considered in framing the order. I leave counsel to agree upon such details. If they cannot do so, I will receive from each side a draft of an order, and will adopt and have entered that one which meets my approval.

LEGAL MISCELLANY.

CHECKS—LIABILITY OF BANKER.—*Hogue* v. *Edwards*. Error to Peoria. The Hon. John Burns, Judge, presiding. The rule in this State is, that when a depositor draws his check on his banker, who has funds to an equal or greater sum than his check, it operates to transfer the sum named to the payee, who may sue for and recover the amount from the bank; a transfer of the check carries with it the title to the amount named in the check to each successive holder. But a banker is not obliged to pay a check drawn by a depositor, payable in anything but money. So, where a depositor drew a check upon his banker for *Chicago exchange* and received a draft therefor, which he failed to send to his creditor, the agreement between them being that the depositor should send Chicago exchange, the latter cannot have an action against the banker upon the original check. Appellate Court, Second District. Opinion by PILLSBURY, J., reversing.

USURY—COMPENSATION TO AGENT OF LENDER.—Usury is the taking of a greater rate of interest for the loan or forbearance of money, goods, or things in action than is allowed by law. C made A his agent to loan money at A's discretion (land security to be taken in C's name), at the lawful rate of interest, then 12 per cent. net. C was to pay A nothing for his services to him in and about making loans, but he authorized him to collect of the borrower a reasonable compensation for such services. A made a loan to the plaintiff of $ 500 upon plaintiff's note and mortgage for that sum, drawing 12 per cent. interest, and received of plaintiff $ 50 either as a pure bonus, *i. e.* a gratuity, or partly as such bonus and partly as a reasonable compensation for his services to C in and about making the loan. C never authorized the taking of any bonus, or ratified or sanctioned it by receiving any part of it, or any benefit from it, directly or indirectly, or otherwise.

Held, that so far as the $ 50 was a bonus in whole or in part, it was wholly the unauthorized act of A, and that the taking of it by him was not usury on the part of C.

Held, also, that so far as any part of the $ 50 was a reasonable compensation for the services of A to C in about making the loan, the taking of it was not usury, though it was authorized by C. *Acheson* v. *Chase*. Supreme Court.—*Daily Pioneer Press*, St. Paul, Minn., Aug. 2, 1881.

SUBROGATION—WHEN HOLDER OF NOTE MAY CLAIM RIGHTS OF INDORSER UNDER CHATTEL MORTGAGE—MORTGAGE OF AFTER-ACQUIRED PROPERTY.—(1) Where the makers and indorsers of negotiable paper are insolvent the holders thereof may, upon the principle of subrogation, avail themselves of the rights of such indorsers arising under a chattel mortgage given them by the makers to secure them against loss because of their liability as indorsers. (2) In equity the right of mortgagees in after-acquired property under a chattel mortgage covering such property, as well as stock in hand, is superior to that of general creditors of the insolvent mortgagors. This right is not defeated by the neglect of the mortgagees to record their mortgage before the mortgagors became insolvent. Authorities cited: *Sawyer* v. *Turpin*, 91 U. S. 121; *Mitchell* v. *Winslow*, 2 Story 99. U. S. Circ. Ct., Minnesota, June, 1881. *National Shoe and Leather Bank of Auburn* v. *Small.* Opinion by Fox, D. J. (7 Fed. Rep. 837.)

DECISION RESPECTING MUNICIPAL BONDS.—An opinion was rendered October 12th, by Judge Gresham, of Indiana, in the case of *Thomas Hopper* v. *The Town of Covington*, in that State, which involves the authority of municipalities to issue bonds and other commercial paper. The question was presented by a demurrer to the complaint in a suit to recover the value of certain interest coupons detached from certain bonds that were issued by the town of Covington. The coupons are in the ordinary form, and contain no recitals as to the circumstances under which the bonds were issued. The court held that municipal corporations are created for local, governmental and administrative purposes, and not for business purposes; that they cannot issue bonds or other commercial securities without legislative authority, either express or clearly implied, and then only in the manner and for the purposes provided by law. Municipal bonds not issued in pursuance of express legislative authority and in the manner and for the purposes prescribed by such authority, possess none of the qualities of commercial paper. Municipal bonds which contain no recitals are not unimpeachable of *bona fide* holders for value, that is, they are not commercial paper. The holder of municipal bonds (which do not contain recitals as to the law and circumstances under which they were issued) is bound to know that they were issued under express legislative authority and for certain purposes. He is also bound to inquire whether the conditions existed that authorized them to be issued. Power to issue commercial paper is the exception and not the rule, and in the absence of such recitals as might preclude the municipality from impeaching the bonds in the hands of a *bona fide* holder, the plaintiff has no right of action unless he avers in his complaint that the bonds were issued in substantial compliance with the legislative enactment and for a proper purpose.

NEGOTIABLE PAPER—STIPULATION AS TO ATTORNEY'S FEE.—A stipulation to pay a reasonable attorney fee to the plaintiff in case a promissory note or other contract is not performed according to its terms, and the party entitled to demand such performance is compelled to enforce it by law, is just and valid. In *Bullock* v. *Taylor*, 7 Cent. L. J. 217, the Supreme Court of Michigan decided that a stipulation in a note for an attorney's fee, over and above all taxable costs, in case the same was sued, was void as against the policy of the law and oppressive. In *Woods* v. *North*, 84 Penn. St. 409, a stipulation for an attorney's fee was held to make a note non-negotiable and to relieve an indorser from liability thereon. In *Witherspoon* v. *Musselman*, 8 Cent. L. J. 24, the Kentucky Court of Appeals held that such a stipulation in a note was void because it tended to the opprssion of the debtor and the encouragement of litigation. On the contrary, in *Smith* v. *Silvers*, 32 Ind. 321, it was held that a stipulation "whereby the debtor agrees to be liable for *reasonable* attorney's fees, in the event that his failure to pay the debt shall compel the creditor to resort to legal proceedings to collect his demand, is not only not usurious, but is so eminently just that there should be no hesitation in enforcing it. In *Wyant* v. *Pottorf*, 37 Ind. 512, a stipulation in a note for a reasonable attorney fee was impliedly sustained, though it was held that there must be proof of what is a reasonable fee. In *Nickerson* v. *Sheldon*, 33 Ill. 372, it was held that a stipulation for an attorney fee did not affect the negotiability of the note, but the fee was not claimed in the action. In *Clawson* v. *Munson*, 55 Ill. 394, a stipulation in a mortgage to secure a note for an attorney fee to be paid as part of the costs of collection was held valid—the court citing *Dunn* v. *Rogers*, 43 Ill. 260, in which a similar stipulation in a mortgage was enforced—and upon the question of hardship said that the defendants had expressly provided in the mortgage for the consequences in default of payment, which they might have avoided "by paying the notes at maturity." In *Gaar* v. *Louisville Banking Co.*, 11 Bush, 189, it was held that a stipulation in a note for an attorney fee was not usurious, but an agreement to pay a penalty in default of prompt payment of the notes, and valid. In *Howenstein* v. *Barnes*, 9 Cent. L. J. 48, the United States Circuit Court for Kansas held that a stipulation for an attorney fee is valid; that it did not affect the negotiability of the paper. U. S. Circ. Ct., Oregon, August, 1879. *Wilson Sewing Machine Co.* v. *Moreno*. Opinion by DEADY, J. (7 Fed. Rep. 806.)

THE SENATE FUNDING BILL.

A bill to provide for the issue of three percentum bonds.

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized to receive at the Treasury and at the office of any Assistant Treasurer of the United States lawful money of the United States to the amount of $50 or any multiple of that sum or any bonds of the United States bearing three and one-half per cent. interest, and to issue in exchange therefor an equal amount of registered or coupon bonds of the United States of the denominations of $50, $100, $500, $1,000 and $10,000 of such form as he may prescribe, bearing interest at the rate of three percentum per annum, payable either quarterly or semi-annually at the Treasury of the United States. Such bonds shall be payable at the pleasure of the United States after the 1st day of January, Anno Domini eighteen hundred and eighty-seven. The order of their payment to be determined by law, or in the absence of such legislation, by rules and regulations to be prescribed by the Secretary of the Treasury. The money deposited under this act shall be promptly applied solely to the redemption of the bonds of the United States bearing three and one-half percentum interest, and the aggregate amount of deposits made and bonds issued under this act shall not exceed the sum of two hundred million dollars. The amount of lawful money so received on deposit, as aforesaid, shall not exceed at any time the sum of twenty-five million dollars.

BOOK NOTICES.

Report on the Internal Commerce of the United States. By Joseph Nimmo, Jr., Chief of the Bureau of Statistics, Treasury Department. Washington: 1881.

This is one of the most valuable of the annual reports of the Government. The first portion of the volume especially, describing the growth of the internal commerce of the country, pooling organizations and the competition between water lines and railroads, will repay careful perusal. Elsewhere we have given his views concerning the Governmental regulation of railroads. There is also a large amount of statistical and other matter pertaining to the subject, which has been prepared with care, and will prove helpful in solving some of the important questions relating to transportation.

Reports of Cases Argued and Determined in the Supreme Court of the State of Kansas. A. M. Randolph, Reporter. Vol. xxv. Topeka, Kansas: 1881.

This volume contains one hundred and forty-five cases, an unusually large number for a volume of State reports. Both the court and the reporter seem to perform their tasks promptly, for the decisions cover a part of last year. A great variety of subjects are considered, though questions relating to practice are very numerous. In the review of a previous volume we described the merits of the work of the reporter, which are equally conspicuous in the volume before us.

The International Review. Robert P. Porter and Henry Gannett, Editors. New York: January, 1882.

This is the initial number under the present editorship, and will doubtless be regarded as an indication of the kind of feast that will be prepared for the future readers of the *Review.* Col. Wright's paper, entitled "The Practical Elements of the Labor Question," is one of the most noteworthy in the number, because the writer is not only a thorough master of the subject, but also endowed with the rare merit of perfect candor, the lack of which is apparent in much of the writing on this great theme. He accuses political economy of remissness "in its duties to the labor question," but his accusation, we think, would have been fairer had he drawn a distinction between political economy as a science and as an art, and criticised those economists only who have applied economic principles to the solution of the labor question, or who have been remiss in thus applying them. Henry Gannett contributes a very thoughtful paper concerning "The Settled Area and the Density of our Population," and Frank D. T. Carpenter shows how loosely important "Boundaries in the United States" have been run. This essay is indeed a very strong plea for exactness in geography. Worthington C. Ford writes about "Dear Food." Gen. Walker discusses the "Law of Rent in its Application to the Irish Land Question." Henry L. Nelson writes very hopefully of the "Industrial Daybreak in the South," while other writers contribute papers pertaining to art, medicine and literature.

Commercial Precedents. Selected from the Column of Replies and Decisions of the New York Journal of Commerce. By Charles Putzel and H. A. Bähr. Hartford: American Publishing Company. 1881.

This is a very useful volume for business men. The information here presented is of a thoroughly practical character, having its origin in the actual needs of men engaged in commercial pursuits. It is not a work made to order, but has grown up during a long course of years in answering inquiries to a vast variety of questions lying within the domain of commercial custom and law.

Of course, such a work to possess any value must be accurate, and the information contained in this has evidently been prepared with care and is trustworthy. The leading divisions are arranged alphabetically, and a copious index has been added. The volume is of convenient size and well printed, and will doubtless readily find its way to many houses of business, where its worth cannot fail to be recognized.

Editorial Notices of the Life and Character of Joseph L. Stephens, of Boonville, Cooper County, Mo., selected from the Journals of Missouri and other States. Boonville: 1881.

Col. Stephens enjoyed a marked reputation throughout a considerable section of the country, as a man of unusual sagacity and energy. Though leaving the world in the prime of life, for he was only fifty-five years old, he had been identified with many large business enterprises, which he conducted with success, and in which he acquired a handsome fortune. In early life he practiced law at the capital of the nation, but in 1864 he returned to Boonville, and began a private banking business there, and the next year he organized the Central National Bank of that place, which for a long period, has been regarded as one of the strongest and best managed banks in the country. He built a railroad from Boonville to Tipton, connecting his own town with the Missouri Pacific Railroad, and afterward, when the affairs of the latter company became depressed, he was appointed its receiver and remained in this position until its reorganization.

Among the many tributes of respect and praise which have been written of him and that find a place in this volume, we have space for only one, taken from the St. Louis *Globe-Democrat*: "All in all, Joe Stephens, as he was familiarly known, was a brave, generous and true gentleman. Springing from a race of commoners, he was never above his people, but lent a ready ear to every tale of distress, and his money was promptly forthcoming for every deserved charity. His tastes were purely domestic, and until the past ten years he was rarely seen beyond his native State, save during his residence at Washington. It will be many long years before another such Missourian graces the State. Joseph L. Stephens lived a remarkably blameless life, for never was a suspicion of wrong-doing breathed against his name. Chivalrous and simple minded in his intercourse with men, his trust was frequently betrayed, but he cherished no malice toward any man, and lived a life singularly pure, noble and upright."

The volume is a worthy memorial of one whose character as a man of business and of social life may be profitably studied and remembered.

The Law of National Banks containing the National Bank Act, as amended, with forms of procedure and Notes referring to all decisions reported to November 1, 1880. By Farlin Q. Ball, Chicago; Callaghan & Company, 1881.

The author informs us that for five years he has been in active practice for Receivers of National banks. He has consequently acquired an unusual familiarity with the National banking law and the legal interpretations of it, and is therefore well qualified for prepariug this work. It is the only production of the kind, and fills a gap in legal literature, which justified the time and thought bestowed on this volume. The matter is conveniently arranged, and is accompanied with a full index, through which any provision of the law or any construction of it may be readily found.

GOVERNMENTAL REGULATION OF RAILROADS.

Joseph Nimmo, Jr., Chief of the Bureau of Statistics, in his annual report on the internal commerce of the United States, has discussed the very important question of governmental regulation of railroads. At this particular time, the following extracts are worthy of careful perusal:

In view of the instability which has thus far characterized pooling organizations, and of the liability to disruption to which, as hereinbefore shown, they are always subject, the mind is almost forced to the conclusion that, when the laws of competition and of supply and demand, as regulative principles in railroad competition, failed to determine freight charges, and the managers of railroads felt themselves forced to the expedient of confederation through pooling, the railroad system of the United States entered upon a stage in the course of its development where the magnitude and complexity of the issues involved presented difficulties too great to be compassed by instrumentalities at the command of the railroad companies. To the minds of some of the most thoughtful and intelligent railroad managers and students of railroad affairs, the prop of some external restraining influence appears now to be necessary, in order to insure the maintenance of good faith between the different companies and the observance of rules which practice has proven to be necessary to the orderly management of the railroads of the country, both in their relations to each other and to the public. Apparently the only available expedient of that nature is some sort of governmental regulation or control.

It does not, however, appear to be necessary that all remedial measures should await the result of any general determination of the question as to the relations of the railroads to the public interests. In view of the evils resulting from wars of rates, it appears to be not only desirable, but feasible, for the Government to require that all rates shall be made public, alike to all, and not changed without due public notice. It is perhaps also advisable that a law should be passed requiring that railroad companies shall furnish cars to shippers equitably, in proportion to orders therefor, and that no preference in facilities shall be afforded to one shipper as against his competitor in trade. Preferences in the matter of supplying cars and furnishing other facilities for securing prompt and speedy transportation may prove in practice to be discriminations quite as unjust and injurious, even as are considerable differences in freight charges. The enforcement of such rules as those above indicated would undoubtedly tend to correct very many of the most serious abuses which now exist in railroad transportation. If this much in the way of reform could be fully secured, it would probably be a matter of very much less difficulty to adjust differences as to the territorial limits of the traffic operations

of competing lines, the relative rates which shall prevail over competing rail and water lines, and the relative rates which shall prevail with respect to the commercial interests of rival cities.

Some of the most intelligent and advanced railroad managers of the country incline to the opinion that the mere observance of good faith in what are proved to be correct practices as between the railroads would tend to correct almost all the abuses which exist.

All experience seems to prove that the solution of the transportation question of the country must be evolved by the specific application of means to ends. It cannot be spoken into being. If the Government is to lend a helping hand in bringing about an adjustment of the difficulties which now exist, it must probably come about as the result of the formulation into positive enactments of practices, in the dealings of railroads with each other and with the public, proved by experience to be just, proper and necessary for mutual protection and the advancement of the interests of the country generally. The wisdom of such a course of procedure appears to be proved by the fact that every method which has been suggested of dealing with this great question in its entirety appears to lead to practical difficulties as great, or perhaps greater even, than those which are now encountered. The law in its application to questions touching the commercial and industrial interests of society has been a development and not a creation, and it is probable, therefore, if not certain, that the settlement of the railroad question can be reached only by a similar process.

If the present war of rates between the east and west trunk lines should long continue, there is reason to apprehend that sectional strife may be thereby engendered. The contest already touches upon interests which vitally affect the commercial interests of Boston, New York, Philadelphia, and Baltimore, and consequently of the States of which those cities are respectively the commercial entrepots. This fact, and many other practical difficulties connected with the railroad-transportation question at the present time, suggest the importance of a careful investigation of the question as to the manner in which and the means by which existing evils in our railroad system may be abated.

Public attention is now confronted by these two vitally important questions:

First. Are there evils connected with the railroad system of the United States which injuriously affect the public interests, and are those evils of such magnitude as to demand governmental interference?

Second. By what means can such interference be exercised without subjecting the Government to a degree of responsibility and to difficulties of an administrative nature which more than counterbalance the possible good results which would be expected to follow governmental interference for the purpose of correcting the evils referred to?

The foregoing remarks in regard to railroad confederations and their relations to the public interests have been dictated by a desire to present as fully and as clearly as possible the more important facts in relation to the subject, and to invoke an intelligent and unbiased discussion in regard to the whole question of the relations of the railroads to the public interests.

Probably at no previous period in the history of the country has the importance of an intelligent and thorough investigation of this question been more urgent than at the present time. In order that such an investigation may be properly conducted and lead to practical results, it should be conducted by a commission of experts fully competent to pass upon such subjects as the bearing of the transportation question upon the agricultural, industrial, and commercial interests of the country, the economic and practical questions connected with the actual conduct of the traffic interests of railroads, and the legal and constitutional questions involved in the solution of this complex and difficult problem.

NEW HAMPSHIRE.—Members of four generations of one family, Farwell by name, are officially connected with the Claremont (N. H.) National Bank.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. LIABILITY ON ALTERED CHECK.

A stranger, A, on paying B & Co. $30 in currency obtains from them a check on their bank for that amount, payable to A or order. This check was afterwards altered by the firm on request of A by striking out the word "order" and writing "bearer" over it.

A presents this check to the bank on which it is drawn, but it has been raised by A to $3,800. The alteration is so made that it requires the closest and strictest examination to discover it.

The bank pays the check. Can it recover the amount over and above the original amount of the check?

REPLY.—It is clearly settled that the drawee of a bill is bound to know the drawer's signature. In like manner, a bank is bound to know the signature of a depositor who draws a check upon it, and the duty is even more strict in the latter case, because, generally, deposits are made for the very purpose of being checked out. *Daniel on Neg. Inst.*, § 1654, *Smith* v. *Mercer*, 6 Taunt. 76.

"But," as stated by Daniel, "a bank is not bound to know more than the signature of the drawer of the check; for in the ordinary course of business the body of the check is as often as otherwise filled up by a clerk, and it is by no means a matter of suspicion that it is not filled up in the handwriting of the drawer. If the rule were otherwise, a bank could never safely pay a check filled up in a handwriting not the drawer's, until it had inquired of the drawer whether it was properly filled up. And to require this would greatly embarrass commercial transactions."

Consequently, if money is paid on a check or draft which has been forged either in the body of the instrument, or in the indorsement, or in any respect, except the name of the drawer, the courts have uniformly held that it was recoverable as for money paid by mistake. *Marine Nat. Bank* v. *Nat. City Bank*, 59, N. Y. 67. In *Espy* v. *Bank of Cincinnati*, 18 Wall 604, the amount of a check had been raised and the court declared, among other propositions, "That when money is paid by mistake on a raised check, neither party being in fault, it may be recovered back as paid without consideration." (See also *Dan. on Neg. Inst.*, § 1661.)

If this principle were applicable to the case before us it is clear that the bank could recover of B & Co., but another feature is involved here changing the liability. It appears that the check was altered by the makers so as to read "bearer" instead of "order." Now in the case of *Belknap* v. *Nat. Bank of N. A.*, 100 Mass 379, two checks were filled up by the plaintiffs, payable to the order of two payees, and after examination by the bookkeeper were sent to the post office by a clerk, in sealed envelopes, addressed to the payees respectively. The clerk opened the envelopes, withdrew the checks, cancelled the words "or order" with a lead pencil, and inserted the words "or bearer" in ink, and then obtained the money for them from the bank. The

court held that the depositors were clearly entitled to recover their deposit from the bank. "Such an alteration," said the court, "would vitiate the instruments, even in the hands of a *bonâ fide* holder for value." Daniel in commenting on this case says, "It seems that unless the drawer has made open the way for an alteration, the bank takes an altered check, whether the alteration be openly done, as in this case, or skillfully concealed, as in others, at its peril. The words 'or order' are frequently replaced by the words 'or bearer,' and the reverse. And the lesson of caution and prudence on the part of the bank cannot be too well learned or too closely followed. Its only safeguard is to scrutinize checks severely, and never to pay one at all mutilated in its appearance until after inquiry."

When the check in question was presented, bearing on its face an apparent alteration, if the bank had made inquiry, it would have learned that it had been raised, although the alteration from "order" to "bearer" was done by the drawer himself. It would seem, therefore, that the bank cannot recover back the excess from the drawer.

II. Lost Check.

A customer drew his check, payable to a party in a distant city, which was certified by the bank on which it was drawn. The payee deposited the check in his bank, which afterwards sent it to their New York correspondent. The latter forwarded it to a bank, C, for collection in the same city as the bank on which it was drawn, but the check was lost in transmission.

The payee demands a duplicate, and the first-named bank tells the maker of the check that it will not pay a duplicate unless it receives a bond of indemnity. Neither of the parties concerned are willing to give one, and the New York bank claims that no risk would be run in paying the duplicate, inasmuch as there is good reason for believing that the original is now indorsed payable to the order of the bank C, which will never demand payment of it.

Is the bank which certified the check right in refusing to pay the duplicate without a bond of indemnity; and would it not be obliged to pay the original if presented, because it was certified?

Reply.—The general principle in regard to giving bonds of indemnity where checks are lost we have stated in our answer to the preceding inquiry. Courts of equity, however, will compel the payment of lost instruments without requiring a bond of indemnity in several cases: (1) where the note is not negotiable; (2) where, though negotiable, it is payable to order and unindorsed, or has been specially indorsed; (3) where the instrument has been destroyed; (4) where it has been traced to the payer's custody; (5) where he is protected by the statute of limitations against future liability. *Dan. on Neg. Inst.*, § 1481.

If the note has been made payable to the order of the bank C, there would seem to be no risk in giving a duplicate check. For, in such a case, the demand must be in C's name, and to that the former payment would be an effectual bar. Accordingly, as Parsons says, there being no risk run in such cases no bond of indemnity is required. *Bills and Notes*, p. 290, 2d ed.; see also *Hopkins* v. *Adams*, 20 Vt. 467. But if there is a doubt respecting such a direction of the payment of the note, a bond of indemnity should be taken before giving a duplicate check. (See *Dan. on Neg. Inst.*, § 1484.)

III. Lost Check.

A bank sends a check to its correspondent in New York for collection. The New York bank sends it to another bank on which it is drawn, but it is lost in the mail.

The drawer of the check refuses to give a duplicate, and the bank in New York charges it to the account of the owner, the bank first mentioned. What course can it pursue?

Reply.—The general rule is that the parties who are liable on a bill or note are entitled to its production and surrender before payment; but as this is impossible when it has been lost, the owner should, and must, tender a sufficient indemnity in some form against any future claim, by a finder or holder, upon the lost instrument. This indemnity, of course, is not as adequate protection as the delivery of the instrument to the payer, but it approximates it as nearly as practicable. See *Dan. on Neg. Inst.*, § 1480.

The remedy is to bring an action for the recovery of the money, and when judgment is obtained a bond of indemnity must be given. Such a bond is required in New York by statute. 2 R. S., Part III, Ch. VII, Tit. 3, Art. 8, §§ 94, 95, 96, 3d ed. It has been held that a check is a bill of exchange within its meaning. *Jacks* v. *Darrin*, 3 *E. D. Smith*, 548.

IV. Alteration of a Note.

We have recently received the following note which is an exact copy of the original:

BUFFALO, N.Y., Dec. 1, 1881.

Three months after date I promise to pay to the order of John Doe and Richard Roe Five Hundred Dollars at First National Bank of Buffalo, N. Y. Value received. JOHN CROSBY.

On the back were the names of John Doe and Richard Roe. The latter name was put into the note by the maker without the consent of the indorsee and after he had indorsed the note.

Who can be held on the note, or does the putting in of the name by the maker without the knowledge of any one but himself vitiate the note?

Reply.—A material alteration in a bill or note, after its execution and delivery to the payee, or after its indorsement, vitiates the instrument except as against parties consenting to the alteration. *Master* v. *Miller*, 4 T. R. 320, S. C., 2 *H. Black* 140. The question, therefore, is, was the alteration in this note a material one? Originally, John Doe was the sole payee of the note. By the alteration, both he and Richard Roe became the payees. Surely this is a material alteration, and an injurious one to Doe. His rights and liabilities have been changed by the maker of the note to such an extent as to relieve him from liability. But the liability of the maker is not changed; nor do we see why the alteration should affect the liability of Roe. 2 *Parsons on Notes and Bills*, 582 2d ed.

Coinage of Nickels.—Owing to the small amount of five-cent nickel pieces in the Treasury, the Secretary has instructed the Director of the Mint to cause $17,540 in old copper cents and $104,018 in copper nickel cents, now in the Philadelphia Mint, to be recoined into five-cent nickel pieces, and instructions have already been given to carry out the direction. It will be some weeks before the Mint will be ready to begin the recoinage of these pieces, or to receive orders for the five-cent nickel coins from banks and others.

BANKING AND FINANCIAL ITEMS.

Call for Bonds.—The 106th call for bonds issued by the Secretary of the Treasury, on November 30th, announces that the principal and accrued interest of the bonds below designated will be paid at the Treasury of the United States, in Washington, on the 29th day of January, 1882, and interest on said bonds will cease on that day,. viz.:

Registered bonds of the Acts of July 17 and August 5, 1861, continued during the pleasure of the Government, under the terms of Circular No. 42, dated April 11, 1881, to bear interest at the rate of 3½ per centum per annum from July 1, 1881, as follows, all numbers inclusive:

$50, Nos. 1,811 to 1,850. $100, Nos. 12,701 to 13,000. $500, Nos. 9,221 to 9,600. $1,000, Nos. 45,721 to 47,000. $5,000, Nos. 15,531 to 16,000. $10,000, Nos. 27,861 to 30,100. Total, $20,000,000.

Many of the bonds originally included in the above numbers have been transferred and canceled, leaving outstanding the amount above stated.

Secretary's Letter on Sale of Bonds.—A prominent New Y6rk banker recently wrote to Secretary Folger regarding the money market and the measures necessary, in his opinion, to be adopted to keep the market easy. Among his suggestions was one that the Government receive sealed proposals for the sale of bonds of any and all series, instead of limiting them, as now, to certain classes. In response to this letter he received the following communication, which will, in a measure at least, show the position of the Secretary and his evident uncertainty as to his future course:

Washington, D. C., Nov. 23, 1881.

My Dear Sir: I am thankful for letters of practical suggestion. But tell me why, if there is a stringency in the money market, is not the offer of the Treasury Department to take 3½s accepted? I belleve that a demand for money is early shown by the sale of Government bonds at reduced rates. The Government asks for bonds (3½s) at par and accrued interest. Why, if there is a demand, are they not brought forward?

Respectfully, Chas. J. Folger.

Payment of Bonds without Rebate of Interest.—Notice was given on December 9th, by the Assistant Treasurer in New York, that his office would receive offers on the following Wednesday, and on each succeeding Wednesday until further notice, for the redemption of United States bonds (continued 6s, 1881) embraced in the 106th call, to the amount of $5,000,000 weekly, paying interest from July 1, to the maturity of the call—January 29, 1882.

Changes in the Use of Demand Notes.—During the last two years there has been a steady increase in the outstanding notes of the denominations of twenty dollars and under, and a proportionate decrease in the notes of higher denominations, the hundreds alone excepted. Of the five-thousand-dollar notes but ninety-one, and of the ten-thousand-dollar notes but twenty-six, remain in circulation. At the close of the fiscal year 1879 there were outstanding $48,497,283 notes; at the close of 1880, $55,573,301, and June 30, 1881, $59,839,069, an increase of nearly twenty-five per cent. in two years. During the last year there was an increase of $2,313,429 in one-dollar notes, $1,891,309 in two-dollar notes, $4,136,530 in five-dollar notes, $2.073,636 in ten-dollar notes, $128,390 in twenty-dollar notes, and $149,790 in one-hundred-dollar notes. The amount of ones and twos outstanding has increased $8,587,250 within the last two years. This increase is in part due to the discontinuance of the issue of notes of those denominations by the National banks upon the resumption of specie payments, though the chief cause is doubtless the revival of business and the demand for small notes for the payment of operatives and for use in small transactions.

Appropriations for 1882–3.—The book of estimates of appropriations required for the service of the Government for the fiscal year ending June 30, 1883, has just been completed. The following is a recapitulation of its contents:

Objects.	*Estimates for* 1882.		*Appropriations for* 1882.		*Estimates for* 1883.
Legislative	$ 5,531,799	..	$ 5,770,542	..	$ 5,921,084
Executive proper	98,064	..	116,322	..	109,800
Department of State	1,420,475	..	1,541,109	..	1,473,995
Treasury Department	162,090,878	..	167,145,147	..	147,619,613
War Department	44,147,055	..	46,792,845	..	45,556,276
Navy Department	16,124,172	..	16,073,990	..	20,327,806
Interior Department	60,186,787	..	80,212,844	.	112,665,042
Post Office Department	4,364,549	..	3,690,163	..	2,466,287
Department of Agriculture	342,720	..	355,500	..	502,980
Department of Justice	3,896,220	..	3,854,497	..	3,816,620
Grand totals	$ 298,262,722	..	$ 325,355,963	..	$ 340,462,507

The appropriations for 1882 include deficiencies and miscellaneous. The estimates for 1882 are exclusive of $3,352,000, the amount of estimates for the District of Columbia for 1882.

Annual Gold Supply.—The annual supply of gold is said to be $118,000,000; the price, $18.96 per ounce, has not varied for 160 years. Since the discovery of America by Columbus, the mines of Mexico, California, British Columbia and other parts of North America have added $4,369,000,000 to the stock of gold in the world; $8,000,000,000 is the estimated value of the metal now in use; the gold coinage has increased from $77,000,000 in 1848 to $182,000,000 in 1880. It is also stated that the annual product in 1492 was $100,000; that it gradually increased to $17,000,000 in 1800; that it reached $236,000,000 in 1853; and that $8,000,000 are annually consumed in the arts and lost by fire and shipwreck.

The Metropolitan Trust Company.—General Thomas Hillhouse, who, for a considerable period, has served the Government as Assistant Treasurer at New York with great satisfaction, has resigned his office to accept the Presidency of the recently organized Metropolitan Trust Company. With Gen. Hillhouse will go Mr. Walter J. Brittin, Cashier and Chief Clerk of the Sub-Treasury, to become Secretary of the Metropolitan Trust Company. Frederick D. Tappen, President of the Gallatin National Bank, has accepted the Vice-Presidency. The trustees who have been elected are Collis P. Huntington, John T. Terry, Morris K. Jesup, A. Gracie King, Isaac N. Phelps, Darius O. Mills, Thomas Hillhouse, Joseph W. Drexel, Edwards S. Sanford, Frederick D. Tappen, Hugh J. Jewett, Parker Handy, Henry E. Pellew, Edwin D. Morgan, Jr., James J. Higginson, and Oliver P. Buel, of New York City; Robert H. Pruyn, Dudley Olcott, Albany; Freeman Clark, Rochester; George A. Hardin, Little Falls; Edward B. Judson, Syracuse; Phineas Prouty, Geneva; John F. Slater, Norwich, Conn. The executive committee is composed of Morris K. Jesup, C. P. Huntington, Frederick D. Tappen, D. O. Mills, A. Gracie King, Henry E. Pellew. The company has a capital of $1,000,000, half of which has been paid in and invested in United States bonds. The other half has been called.

Refund of Bank Taxes.—William M. Evarts recently appeared before General Raum, Commissioner of Internal Revenue, in advocacy of the refunding by the Government of $30,000—the amount of what is known as the 100-per-cent. penalty tax—recently assessed against Watson & Lang, the New York agents of the Bank of Montreal. No decision was made. The legal question involved is now pending in a case before the Supreme Court of the United States, which is docketed for hearing on January 30. Commissioner Raum, it is reported, will not decide the question before him until the parallel case before the Supreme Court has been disposed of.

PUNCHED COINS.—It is well known that nine-tenths of the punching of coins in New York is done by Cubans. A number of silver coins are clamped together in a roll, and in less time than it takes to write an account of it, a hole is drilled through the whole lot. The value of the silver obtained by punching a hole of usual size in a coin amounts to about one-twenty-fifth of the value of the coin, so that for every roll of twenty-five quarter dollars, the value of one quarter dollar is obtained in a moment by running a hole through the roll. Many of the punched coins come from Mexico and South America, where our silver coins circulate freely, and rarely escape mutilation. Several attempts have been made of late years to break up the systematic punching of coins, but with little success. Only two convictions for the offense have been made in ten years. While the business of punching and filling coins is almost wholly in the hands of the Cubans, the business of sweating gold coins, by shaking them up in a buckskin bag, is attributed by the detectives to the denizens of Chatham street. By shaking a bag containing 100 eagles for three hours the result in gold dust will be worth about $20.

RESPONSIBILITY OF BANK DIRECTORS.—In the Hudson County Court of Sessions, Nov. 23d, Judge Garretson refused to grant the application made on behalf of the convicted directors of the defunct Mechanics and Laborers' Savings Bank of Jersey City for a new trial. The Mechanics and Laborers' Savings Bank closed its doors after its vaults had been depleted of $100,000 or more through the manipulation of John Halliard, the President The directors had known of the deficiency for a long time, but still continued business. The failure fell with particular severity upon a large number of poor people who had been induced to leave their moneys with it. In November six of the directors—Halliard, Jere. B. Sweeney, ex-Assemblyman Sheeran, Dr. O'Callaghan, James W. Donelan, the Secretary, and A. J. Ditmar—were indicted for conspiracy to defraud, and on New Year eve, 1880, were convicted. When the application for a new trial was first made to the court, the case was certified to the Supreme Court, but that court refused to interfere, and sent the case back to the Sessions. Judge Garretson says, in his decision, that the question is one of fact, and there is ample evidence to sustain the verdict.

SUIT AGAINST THE NORTHAMPTON BANK.—The legal representatives of Samuel Fleming brought a suit against the Northampton National bank for the value of United States bonds deposited in the bank, and stolen by Leary and other burglars in the great robbery of that bank. The trial was held in the United States Circuit Court. The house admitted a theft of some $1,400,000 of securities, including the plaintiff's bonds. The original charge of a conversion of the bonds by the bank officers was partially abandoned and finally ruled out by the Court. On the question of negligence by the bank officers much evidence was offered, the plaintiff claiming that the bank was remiss in not providing superior safeguards and in allowing Herring & Co.'s man Edison to take the wax impressions of the vault keys which he treacherously furnished to the burglars. They took a point also as to the bank cashier's giving up the combinations of the safes to the burglars. The evidence showed, however, that the cashier was attacked by masked burglars with pistols and other weapons and was choked and gagged. The bank's counsel moved for a nonsuit and after long arguments and counter-arguments the Court directed the jury to find for the bank. The case was a test case, on which the plaintiff's counsel stated that about $500,000 of similar claims existed.

MERCHANTS' NATIONAL BANK OF BALTIMORE.—One of the most successful and best managed banking institutions in the country is the Merchants' National Bank of Baltimore. It was chartered, as the Merchants' Bank, in 1835, and its gross earnings to July 1st were $9,017,932. Of this sum $5,629,000 were paid to its stockholders, who have regularly received semi-annual dividends of not less than six per cent. per annum. The aggregate amount of discounted bills is $403,092,054, and the total amount of cash receipts and disbursements swells to the enormous figure of $9,682,892,000. The president, A. H. Stump, was elected in 1873. Johns Hopkins served as his immediate predecessor for twenty years, who was preceded by James Swan in 1838.

PRINCE EDWARD ISLAND.—The Bank of Prince Edward Island suspended on the 28th of November owing to overdrawn accounts. It had a small paid-up capital, viz., $120,000, while its circulation was about $200,000, and it had deposits amounting to $360,000, or three times the capital. It was indebted to other banks nearly the amount of its capital. The shareholders are liable for three times the capital, or in all $240,000, which will go a small way towards meeting the liabilities to the public, which in round figures are about $660,000.

THEFT IN CUBAN TREASURY.—Books belonging to the Cuban Treasury have been recovered, the abstraction of which has caused a loss of $20.000,000 in taxes. The books were found in possession of the widow of a Treasury clerk. This sum represents about ten years' ground rent on real estate belonging to the Government.

CUBAN TAXES.—The project of law submitted to the Cortes by the Minister of the Treasury, making commercial reforms, principally with regard to articles imported into Spain from Cuba, has found little favor with the Liberal press, which is discontented with the usual phrase affixed to the project that the Government reserves the right to suspend the law if the necessities of the treasury or the interests of industry should make it desirable. It complains that the date of the total abolition of import duties in Spain on the principal articles from this island is placed as far off as the year 1887, while the abolition ought to take effect immediately in order to improve business and save the island from ruin. It complains that the heavy export duties levied on sugar shipped from Cuba are all allowed to remain, and that this question, a vital one, has not been considered at all. The *Diario de la Marina*, the organ of the Conservatives, approves the project fully. The proposal of the Director-General of the Treasury to make the Spanish and Cuban taxes alike is attacked more or less by all parties without distinction.

TURKISH FINANCES.—In order to make the customary distribution of sheep to the troops quartered in Constantinople, and of gratuities to the petty officials at the Porte, for the Courban-Bairam, the Minister of Finance has been obliged to borrow 30,000 liras from a Galata firm, at the moderate rate of interest of 45 per cent. per annum; while, to pay the men of the Black Sea Lifeboat and Rocket Service, the Minister for Foreign Affairs was compelled to beg Lord Dufferin to release some £4,000 of fees locked up at the British Consulate.

It is stated that the principal of the Turkish debt amounts to $1,000,000,000, and the arrears of interest are about $325,000,000. It is proposed to scale the different classes of public loans, and bring them down to $530,000,000, at an interest not to exceed four per cent., with a sinking fund of not more than one per cent. Even on such a basis the prospects of ultimate payment are extremely poor.

BARON ROTHSCHILD.—It is reported that the late Baron James Rothschild incurred losses on the Bourse in October amounting to 80,000,000 francs ($16,000,000), and that his anxiety caused the bursting of an aneurism from which death ensued. He was one of the best known of Parisian bibliophiles. Educated in the law, he very soon in mature life took up the enthusiasm of the Rothschild family for collecting works of art, and eventually his mind turned strongly, and almost wholly, to books. He presided over the society for publishing the works of old French authors and editing ancient manuscripts, and was well known for his rare collections of books and fine bindings. For his wife he married a sister of the lady who became the wife of Sir Nathaniel de Rothschild, the present head of the Rothschilds in England. The father of these ladies was Baron Charles de Rothschild of Frankfort. The grandfather of the Rothschild who has just died was that Nathan Mayer de Rothschild who founded the English branch of the Rothschild house. On his mother's side Baron James was descended from the Baron James of two generations past, whose death, ten years ago, removed a great social and financial light from the Paris world.

OBITUARY.

GENERAL ALFRED AUSTELL, of Atlanta, Ga., first and only president of the Atlantic National Bank since its organization in 1865 to the present time, dted at his house in Atlanta Dec. 7th, 1881, in the sixty-eighth year of his age. A friend writes: "With him has passed for ever an old and long familiar landmark in our city, whose noble form and commanding presence will long be missed and regretted. Gen. Austell's character and success in life was in every sense remarkable. he having risen from a plowboy to wealth, influence and honor. Unwavering in friendship, blameless in integrity, zealous for the advancement of truth and education, non-sectarian in his charities, true and devoted to his church, a fond father and indulgent husband, his loss must long be felt in our city. Yet to those who loved him best there is abiding consolation in the fact that even as his earthly accounts were all canceled, and every obligation filled to the letter of the law, so with his faith fixed on the Judge of All, he has passed to the presence of the Great Accountant to enter into the reward of a good and faithful servant."

CHARLES TOWNSEND COIT, of Buffalo, who died the 11th of December, was born in Buffalo of a pioneer family, and went to Troy in 1844 to manage the Troy and Erie Transportation Company as a member of the firm of Ide & Coit. He returned to Buffalo in 1853 and became cashier of the International Bank, and, when the National bank act was passed, of the First National Bank. In 1879 he became president, and held the office till his death. He was a director of the Buffalo Gaslight Company, secretary and treasurer of the Akron Cement Company, and president of the Trustees of the First Presbyterian Church. He was one of the most progressive business men in Western New York and wielded a large influence in mercantile affairs.

G. A. MITHOFF, who, since December 6th, 1869, has been the president of the Hocking Valley National Bank, Lancaster, O., died the 2d of December last. He was born in Hanover, Germany, October 1st, 1813, and emigrated to America in 1829. He went to Ohio in 1840.

TRACY R. EDSON, founder of the American Bank Note Company, died at his residence in New York City, last month. He was born in Cooperstown, New York, December 12, 1809, and after leaving school was for a time engaged in commercial life. Then he went to Albany, where, with the firm of Rawdon, Clark & Co., he learned the business of engraving. He came to New York City in 1827, and became connected with the then leading firm in the engraving business, Rawdon, Wright, Hatch & Smillie. When the latter member retired, he became a member of the firm, whose name was changed to Rawdon, Wright, Hatch & Edson. Competition at that time was very sharp and profits small, and Mr. Edson called together the representatives of the then existing engraving firms and explained to them the advantages of a combination. So feasible were his plans, and so thoroughly business-like in their methods, that they were adopted, and in 1858 the American Bank Note Engraving Company sprang into existence. In the following year a rival, which had appeared in the firm of Edmonds, Jones & Smillie, was absorbed. Charles Tappan, of Philadelphia, was the first president of the concern, and Mr. Edson was a director and the leading spirit in the management. He was elected president on the retirement of Mr. Tappan, holding the position for three years, and it was through his efforts that the large contracts with the Government were secured. When he retired from the presidency he retained an active interest in the management of the concern until about six years ago, and did not retire until three years later from its directory. Mr. Edson branched out in other directions, paying especial attention to improvements in telegraphy and kindred enterprises. When celluloid was first brought to public attention, Mr. Edson became interested in it, saw a fortune in its manufacture, extended aid to its inventor, and organized the Celluloid Manufacturing Company, of which he was president and a director at the time of his death.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from December No., page 485.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
NEW YORK CITY		Garfield National Bank...	....
	$200,000	Geo. H. Robinson, *Pr.*	George F. Vail, *Cas.*
CONN...	Wallingford....	First National Bank.......	....
	$100,000	Samuel Simpson, *Pr.*	William H. Newton, *Cas.*
ILL.....	Chicago	Chicago National Bank....	National Park Bank.
	$300,000	John R. Walsh, *Pr.*	Henry H. Nash, *Cas.*
IND	Logansport....	State National Bank......	American Exchange Nat'l Bk.
	$100,000	Wm. H. Johnson, *Pr.*	John C. Ingram, *Cas.*
IOWA...	Lohrville	S. G. Crawford & Co......	....
" ..	Manchester	Henry Hutchinson........	Importers & Traders Nat. B'k.
" ..	Storm Lake....	First National Bank.......	Jesup, Paton & Co.
	$50,000	James Harker, *Pr.*	J. C. French, *Cas.*
KANSAS.	Osage City	Osage City Bank..........	....
		T. B. Edwards, *Pr.*	T. B. Haslam, *Cas.*
MICH ...	East Tawas....	Benjamin Richards........	David Preston & Co., *Detroit.*
" ..	Manistee.......	Manistee National Bank...	American Exchange Nat'l B'k.
	$100,000	Richard G. Peters, *Pr.*	George M. Burr, *Cas.*
" ..	Unionville.....	J. S. Coy.................	Importers & Traders Nat. B'k.
MO......	Maitland	Farmers' Bank......... ...	Donnell, Lawson & Simpson.
	$10,000	Ernest F. Miller, *Pr.*	Charles T. Donovan, *Cas.*
NEB	Dorchester.....	Bank of Dorchester.......	Chemical National Bank.
		H. G. Smith, *Pr.*	J. C. Thurston, *Cas.*
" ..	Harvard.......	Citizens' Bank. (Updike & Titus)	United States Nat'l Bank.
" ..	Oakdale	Oakdale Bank............	Omaha National Bank.
		(Matheson & Evans)	A. C. Tomer, *Cas.*
" ..	Wilber	Blue Valley Bank........	First National Bank.
		James Harvey, *Pr.*	E. Ballard, *Cas.*
N. H....	Lancaster......	Lancaster National Bank..	Nat'l B'k Redemption, *Boston.*
	$125,000	George R. Eaton, *Pr.*	Frank D. Hutchins, *Cas.*
N. M...	Bernalillo......	J. R. Armigo.............	Donnell, Lawson & Simpson.
N. Y....	Bolivar........	Bolivar Banking Co.......	....
	$50,000	C. V. Barse, *Pr.*	A. H. Marsh, *Cas.*
" ..	Stamford	National B'k of Stamford..	....
	$50,000	M. Fredenburg, *Pr.*	S. W. Hubbard, *Cas.*
OHIO...	Cincinnati	Exchange National Bank..	....
		Francis Ferry, *Pr.*	John M. Blair, *Cas.*
" ..	Columbus	Commercial National B'k..	Importers & Traders Nat. B'k.
		F. C. Sessions, *Pr.*	W. H. Albery, *Cas.*
" ..	"	South End Bank..........	....
		Louis Lindemann, *Pr.*	Ph. Wm. Corzilius, *Cas.*
" ..	Dayton........	Winters National Bank....	Continental National Bank.
	$300,000	Jonathan H. Winters, *Pr.*	James C. Reber, *Cas.*
" ..	Toledo	Spitzer, Wideman & Co...	Chase National Bank.
UTAH...	Salt Lake City.	First National Bank.......	....
	$100,000	H. S. Eldredge, *Pr.*	H. S. Young, *Cas.*
WIS....	Neenah	Manufacturers' Nat'l B'k..	....
	$65,000	Hiram Smith, *Pr.*	R. P. Finney, *Cas.*
" ..	Shawano	Shawano County Bank....	Traders' Bank, *Chicago.*
		C. M. Upham, *Pr.*	D. B. Andrews, *Cas.*

LEGAL HOLIDAYS.—The Banker's Almanac and Register for 1882 will contain a summary of the laws of the various States respecting Legal Holidays. This is the first digest of these statutes ever made for publication, and will be a valuable addition to the ALMANAC. The work is now in press, and will be ready in a few days. Prospectus at end of this number.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from December No., page 483.)

	Bank and Place.	*Elected.*	*In place of*
N. Y. City.	National Bank Commerce..	Richard King, *Pr.*	H. F. Vail.*
" "	" " "	Wm. W. Sherman, *Cas.*.	R. King.
" "	Nat. Mechanics B'k'g Ass.	George Everson, *A. C.*..	....
Ga.....	Chattahoochee Nat'l B'k ...... Columbus.	R. M. Mulford, *Cas.*.....	H. W. Edwards.
		C. H. Epping, *A. C.*.....	R. M. Mulford.
Iowa...	Shelby County Bank........ Harlan.	W. E. Hazen, *Pr.*........	B. L. Harding.
		George W. Frost, *Cas.*..	W. E. Hazen.
" ..	People's Bank, West Liberty.	Jonathan Cowgill, *Pr.*...	J. L. Brooke.
		J. L. Brooke, *Cas.*.......	A. A. Ball.
Ky.....	Northern Bank of Kentucky. Covington.	John P. Ernst, *Cas.*......	J. V. Guthrie.
Md.....	Farmers' Nat. B'k, Annapolis..	J. Wirt Randall, *Pr.*....	A. Randall.*
" ..	People's Bank, Baltimore......	H. H. Chase, *Pr.*........	E. A. Clabaugh.*
Mass....	Central National Bank, Boston.	Joseph W. Derby, *Cas.*..	L. W. Young.
" ..	Nat'l B'k of Republic "	Avery Plumer, *Pr.*.......	H. O. Briggs.*
Mo.....	First National Bank, Clinton..	W. D. Tyler, *Cas.*......	W. M. Doyle.
" ..	Henry County Bank........ Clinton.	James Brannum, *Pr.*.....	A. P. Frowein.
		A. P. Frowein, *Cas.*.....	W. D. Tyler.
		W. B. Calvird, *A. C.*....	....
Mont ..	First National Bank, Butte..	Charles L. Dahler, *Cas.*.	H. D. Hauser.
		H. D. Hauser, *A. C.*....	....
N. J....	National Union B'k, Dover....	George D. Meeker, *Cas.*.	J. S. Treat.
N. Y...	Third National Bank, Buffalo.	W. H. Stebbins, *Cas.*....	S. A. Provoost, Jr..
" ..	Bank of Commerce, Buffalo..	Thomas Thornton, *Pr.*...	R. G. Stewart.*
		H. G. Nolton, *V. P.*.....	T. Thornton.
		E. W. Hayes, *Cas.*.......	H. G. Nolton.
" ..	Fredonia Nat'l B'k, Fredonia..	Chauncey Abbey, *Pr.*....	S. M. Clements.
Ohio...	Nat'l Lafayette and Bank of Commerce, Cincinnati.	J. V. Guthrie, *Cas.*......	....
" ..	Third National Bank "	Wm. Woods, *Acting Pr.*	G. Wilshire.
Penn...	Harmony Nat'l B'k, Harmony.	Jacob Dambach, *Pr.*.....	E. Mellon.
" ..	Lancaster County Nat'l B'k.. Lancaster.	F. H. Breneman, *Cas.*...	W. L. Peiper.
R. I....	R.I. Hosp. Tr. Co., Providence.	Alex. Farnum, *Pr.*.......	W. Binney.
Wis....	Rock Co. Nat'l B'k, Janesville.	B. B. Eldredge, *Pr.*......	S. W. Smith.
" ..	Park Savings Bank, Madison ..	M. R. Doyor, *Pr.*........	J. B. Bowen.*

* Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from December No., page 484.)

No.	*Name and Place.*	*President and Cashier.*	*Capital Authorized.*
2595	First National Bank............. Storm Lake, Iowa.	James Harker, J. C. French,	$50,000
2596	State National Bank............ Logansport, Ind.	William H. Johnson, John C. Ingram,	100,000
2597	First National Bank .... Ogden, Utah.	H. S. Eldredge, H. S. Young,	100,000
2598	Garfield National Bank......... New York City.	George H. Robinson, George F. Vail,	200,000
2599	First National Bank............ Wallingford, Conn.	Samuel Simpson, William H. Newton,	100,000

No.	Name and Place.	President and Cashier	Capital Authorized.
600	Lancaster National Bank .... Lancaster, N. H.	George R. Eaton, Frank D. Hutchins,	125,000
2601	Chicago National Bank .... Chicago, Ill.	John R. Walsh, Henry H. Nash,	300,000
2602	National Bank of Stamford, N. Y.	Meander Fredenburg, Seth W. Hubbard,	50,000
2603	Manufacturers' National Bank... Neenah, Wis.	Hiram Smith, R. P. Finney,	65,000
2604	Winters National Bank......... Dayton, Ohio.	Jonathan H. Winters, James C. Reber,	300,000
2605	Commercial National Bank...... Columbus, Ohio.	Frank C. Sessions, W. H. Albery,	200,000

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from December No., page 484.)

New York City.......		Island City Bank; now Garfield National Bank. Same management.
" " "		Anthony, Poor & Oliphant; now Poor, Oliphant & Co. James L. Anthony retires.
" " "		Cammann & Co.; Charles Schroder and Henry J. Cammann retire.
" " "		H. G. Stebbins & Co.; H. G. Stebbins deceased. Business continued by surviving partners. Same style.
Ala....	Greensboro'....	D. F. McCrary; succeeded by A. Lawson.
Ariz...	Globe	Stout, Fisk & Co.; succeeded by Charles A. Fisk.
Cal....	Poncho Springs	Dewalt, Hartzell & Co.; closing at this point.
Ill.....	Hillsboro'......	Haskell, Harris & Co.; assigned.
Ind	Logansport....	Logansport Banking Co.; now State National Bank. Same officers.
" ..	Warsaw.......	First Nat'l Bank; now State Bank of Warsaw. W. C. Graves, *Pr.* A. O. Catlin, *Cas.*
Iowa...	New Hampton.	Bank of New Hampton and Chickasaw County Bank; consolidated as First National Bank.
" ..	Storm Lake...	Storm Lake Bank; now First National Bank. Same President.
Kansas.	Sabetha	Sabetha State Bank; paid capital increased to $32,060; surplus $1,500.
" ..	Washington....	Washington State Bank; capital increased to $30,000.
Mich...	Benton Harbor.	Higman & Co.; dissolved. Succeeded by Bank of Benton Harbor.
Mo.....	St. Louis......	Biddle Market Savings Bank; consolidated with German-American Bank.
" ..	Kansas City...	Bank of Kansas City; capital increased to $600,000.
" .	" " ...	Whipple, Bros. & Co.; now Citizens' National Bank.
" .	Slater..........	Bank of Slater; now incorporated. Paid capital $20,000.
Mont...	Miles City.....	Bank of Miles City (A. R. Nininger & Co.); suspended.
Ohio...	Columbus......	Commercial B'k; now Commercial Nat'l. Same officers.
" ..	Dayton........	V. Winters & Son; now Winters National Bank.
Penn...	Philadelphia...	Dunn, Smyth & Co.; now Frank Smyth & Co.
" ..	" ...	Wernwag & Co.; ceasing banking business.
" ..	Pittsburgh.....	Semple & Jones; now Semple & Thompson.
Texas..	Austin.........	Bremond & Co.; now State National Bank. Eugene Bremond, *Pr.* W. W. Bissell, *V.P.* E. T. Eggleston, *Cas.*

NOTES ON THE MONEY MARKET.

NEW YORK, DECEMBER 30, 1881.

Exchange on London at sixty days' sight, 4.81 in gold.

Rates for money have ruled high throughout the month, although the market was somewhat easier about the middle, owing to disbursements by the Treasury, a diminution in the drain of money to the interior and a slackening of "bull" speculation. The ease was only of short duration; the numerous seekers after accommodations to meet indebtedness accruing early in the new year, the increase of remittances to the interior, and the heavy sums still demanded by speculators, had their effect in advancing rates. Indeed, the demand for money by speculators has been so great that lenders have preferred to put their money out in that way to placing it on time. This has caused considerable inconvenience to legitimate trade, and served to check it to some extent. It is not a healthy condition of things when speculators can afford to pay more for money than those engaged in legitimate business, but this is the situation now. Doubtless the many failures of late have led to a more careful scrutiny of the paper offered, yet even the very best indorsed paper has lately been negotiated only at 6 to 6½ per cent. These figures would quickly drop were any considerable portion of the money now employed in speculation withdrawn from such employment.

The Secretary of the Treasury has made a strong effort to induce the holders of the continued sixes to present them for payment, but he has not been very successful. Even the rebate of interest offered has failed to draw forth these securities. The reason is supposed to be that the outstanding bonds are in the hands of private individuals who are retaining them until after the assessment on the 2d of January, when it is believed they will come more freely into the market.

Foreign exchange is against this country, and the imports of specie are very light. It is asserted that quite heavy purchases of American securities for European account have been made during the month, which may have the effect of increasing the shipments of gold. Exports continue on so light a scale that only a small balance is due for them, though it may be questioned whether the high prices which now retard the outflow of our breadstuffs will remain much longer unshaken. It is certain that we have a large surplus to spare, it is equally certain that European nations are drawing their supplies from other shores than the United States, and these facts are so patent that sooner or later, and probably sooner, a break in prices must come, and a very much wider one than that which occurred a few weeks ago.

The bank reserves are a little stronger than they were in the beginning of the month, and the banks retain their full amount of gold, but it is evident that a very large amount has been absorbed in the country; for the imports of the last few years and the amount always kept in the Treasury have been very much greater than the visible supply now in the possession of the Government and the banks.

The Mechanics' National Bank at Newark and the Pacific of Boston have sought to arrange their affairs with the view of resuming business, but thus far their efforts have not been successful. The more thoroughly the affairs of the Pacific are investigated the worse they appear; and the amount needed to resume operations is so large that the doubt increases as to its being raised. In respect to the other bank, there seem to be some difficulties in the way of extricating the concern from the hands of the receiver, although there is none as to the amount of money which parties interested are willing to pay to close this sad chapter of banking history.

There has been a sharp decline in the price of railroad stocks. The opinion has been growing that these were selling far above their true value; and the continuance of the railroad war among the trunk lines, and the marked effect it had produced on the net earnings of the Vanderbilt lines, as shown in their recent annual reports, were sufficient grounds to cause a decline of prices, not only of these roads but of the entire list. It is true, however, that the non-paying properties have suffered the worst, but there is not much confidence in the market at present, and a still further yielding of prices is expected.

Progress has been made toward adjusting the State obligations of Minnesota and Tennessee. The Supreme Court of the latter State has advanced on the docket the motion of the Funding Board to dissolve the injunction against funding the State debt, and the case will be heard the 17th of January. In Minnesota, the application of a citizen for an injunction to restrain the Governor from issuing bonds under the law recently passed by the Legislature has been denied by the court. There is a hopeful indication that in both States their obligations will be settled without much more delay.

The affairs of the Bank of France are causing no little discussion among French financial writers. An article recently appeared in the *Debats*, evidently written by M. Leon Say, in which he justified the bank for keeping its rate of discount at five per cent., and for not purchasing gold abroad. The bank bought gold in 1847, '55 and '57, under the governorship of M. d' Argout, but the facility for purchasing at those times was very different from the present situation. The rage for speculation in Paris has been so great and the loans from the usual sources have been so enormously expanded, besides an increase of $ 140,000,000 at the Bank of France, that the time would seem to have fully come for checking a business which in the end is sure to prove disastrous.

The reports of the New York Clearing-house banks compare as follows:

1881.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Dec. 3	$315,321,700	$55,316,800	$15,861,700	$286,437,500	$20,138,200	* $430,875
" 10	314,788,900	54,858,900	15,740,400	286,245,100	20,236,400	* 961,975
" 17	312,978,400	55,222,200	15,738,500	284,927,600	20,127,800	* 271,200
" 24	313,464,100	57,390,100	16,015,300	287,448,400	20,125,800	1,543,300

* Deficiency.

The Boston bank statement for the past four weeks is as follows:

1881.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Dec. 3	$149,997,900	$7,843,400	$4,195,800	$96,219,100	$32,106,600
" 10	149,738,100	8,165,300	4,496,000	95,889,800	32,033,600
" 17	149,899,200	8,036,400	4,477,200	95,221,300	32,180,000
" 24	150,957,400	7,785,800	4,669,500	94,765,800	32,302,300

The Clearing-House exhibit of the Philadelphia banks is as annexed:

1881.	Loans.	Reserves.	Deposits.	Circulation.
Dec. 3	$73,967,607	$17,994,094	$65,662,364	$11,132,670
" 10	74,064,739	17,923,228	64,519,726	11,146,270
" 17	74,254,565	17,498,526	64,786,823	11,136,720
" 24	74,418,388	16,706,348	64,039,669	11,117,528

We append the usual quotations of leading stocks for the month:

Quotations:	Dec. 7.	Dec. 14.	Dec. 22.	Dec. 30.
U. S. 6s, 1881, Coup.	100½	100¾	100¾	101⅜
U. S. 4½s, 1891, Coup.	114½	114½	114⅜	114⅝
U. S. 4s, 1907, Coup.	118⅜	118⅝	118⅜	118⅝
West. Union Tel. Co.	85	86⅝	78⅛	80⅝
N. Y. C. & Hudson R.	138¼	138⅛	132⅞	132
Lake Shore	121⅛	120⅝	116¼	116¼
Chicago & Rock Island	134	134¾	133	131½
New Jersey Central	95⅛	95⅛	88¾	92⅛
Del., Lack. & West.	127⅛	127½	126	127⅞
Delaware & Hudson	107	107¾	106¼	108½
Reading	69	68¾	66	69
North Western	127⅛	124¾	123¼	126½
Pacific Mail	44¾	44⅜	41¼	42
Erie	45⅜	45⅛	41	41⅞
Discounts	6 @ 6½	6 @ 6½	6 @ 6½	6 @ 6½
Call Loans	6	6	6	6
Bills on London	4.80¼@4.84¼	4.81@4.85	4.80¼@4.84¼	4.80¼@4.84¼
Treasury balances, coin	$86,286,691	$89,466,570	$84,215,225	$84,352,810
Do. do. cur.	$4,594,365	$4,697,879	$4,448,644	$4,310,739

DEATHS.

At Atlanta, Ga., on December 7th, aged sixty-three years, Alfred Austell, President of the Atlanta National Bank.

At Slippery Rock, Pa., on November 15th, aged thirty-nine years, A. T. Bard, Cashier of the Centerville Savings Bank.

At Boston, Mass., on December 6th, aged fifty-seven years, Harrison O. Briggs, President of the National Bank of the Republic, of Boston.

At Buffalo, N.Y., on December 11th, aged sixty-two years, Charles Townsend Coit, President of the First National Bank.

At Brownsville, Pa., on November 23d, aged sixty-three years, William Cotton, President of the National Deposit Bank.

At Lancaster, Ohio, on December 2d, aged sixty-eight years, G. A. Mithoff, President of the Hocking Valley National Bank.

At Great Falls, N.H., on November 25th, aged sixty-six years, Samuel S. Rollins, Cashier of the Somersworth National Bank.

THE

BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XXXVI. FEBRUARY, 1882. No. 8.

BANKS AND SPECULATION.

Within a few years speculation has swelled enormously. Once it seemed to be confined mainly to the stock exchange, but it has now fastened itself upon a great variety of objects. Mining stocks, because of the constantly varying productiveness of the mines they represent, are peculiarly adapted to the witchery of speculation. But bread-stuffs, cotton and petroleum have also come under the manipulation of the speculator, who is demonstrating his omnipotence to regulate their price in a manner very uncomfortable to the regular dealer and consumer.

The creation of exchanges for the sale of these commodities has done much to increase the speculative movement. The process of bidding against one another in open market is one which can be easily taken advantage of by the bold operator to advance or depress prices. He can make prices by the aid of the machinery of the exchange, when he would be powerless to do so if no such thing as an exchange existed.

It is true, speculation is not confined wholly to the commodities bought and sold at exchanges. "Corners" are effected in other things occasionally; coffee, opium, quinine, and even peanuts have been cornered several times within a few years. Nevertheless, speculation is confined chiefly to those things dealt in at the established exchanges. A corner in butter, cheese, or arrowroot, is a pretty small affair com-

pared with the gigantic operations of the produce exchange, the consequences of which are felt far and wide.

The following table, taken from the *Public*, is a striking illustration of the extent to which speculation went in New York, last year in the articles mentioned.* The first column of cotton sales represents actual sales, while the other represents "futures" or speculative transactions.

Week ending.	*Wheat. Bush.*	*Corn. Bush.*	*C. flour. Bbls.*	*Oats. Bush.*	*Rye. Bush.*	*Cotton. Bales.*	*Cotton. All sales.*
Jan. 6..	7,094,000	1,363,000	106,725	879,000	23,000	3,527	445,827
" 13..	5,844,000	1,404,000	118 550	826,000	36,800	4,429	621,029
" 20..	6,256,000	1,210,000	95,425	735,000	43,500	4,010	662,720
" 27..	5,055,000	1,285,000	97,150	804,000	107,500	2,496	607,196
Feb. 3..	7,175,000	2,209,000	99,035	936,000	25,000	3,384	847,884
" 10..	8,003,000	1,851,000	82,200	823,000	50,000	3,358	589,858
" 17..	6,985,000	3,266,000	109,800	696,000	87,000	6,955	512,155
" 24..	4,810,000	1,716,000	76,095	960,000	17,500	6,116	587,516
Mar. 3..	8,099,000	2,158,000	110 041	885,000	18,000	5,804	632,604
" 10..	5,183,000	2,287,000	110,260	614,000	42,?00	4,631	1,014,831
" 17..	7,264,000	2,271,000	95,520	70,800	60,000	10,632	909,732
" 24..	7,274,000	2,395,000	99,075	856,000	51,800	9,679	620,079
" 31..	7,470,000	2,344,000	97,600	610,000	36,500	9,268	530,468
April 7..	8,260,000	2,090,000	122,350	1,137,000	30,250	9,212	464,312
" 14..	6,776,000	2,339,000	107,970	787,000	31,500	6,285	263,985
" 21..	6,825,000	2,526,000	110,100	905,000	91,500	3,576	305,876
" 28..	8,324,000	3,330,000	94,550	1,115,000	9,000	3,956	337,756
May 5..	7,075,000	2,435,000	97,950	880,000	26,000	5,917	410,917
" 12..	6,339,700	3,223,000	118,235	753,000	38,200	8,303	413,403
" 19..	7,273,000	3,466,000	108,450	661,000	8,000	13,102	550,102
" 26..	12,979,000	5,480,000	113,850	795,000	40,000	10,328	464,828
June 2..	8,670,000	2,038,000	88,000	573,000	32,009	5,720	511,420
" 9..	8,726,000	1,638,000	109 790	981,000	16,000	4,934	420,934
" 16..	9,600,000	3,311,000	141,485	884,000	39,000	6,434	395,034
" 23..	9,538,000	3,611,000	118,875	1 156,000	61,000	3,661	390,661
" 30..	7,242,000	4,431,000	100,885	906,000	19,500	5,691	290,091
July 7..	4,600,000	2,456,000	75,575	501,000	8,000	2,844	267,844
" 14..	7,443,000	3,750,000	109,650	1,030,000	8,000	8,310	604,410
" 21..	9,115,000	3,420 000	132,360	971,000	24,000	9,169	440,769
" 28..	11,249,000	3,734,000	94,830	804,000	17,000	4,811	355,111
Aug. 4..	8,750,000	5,886,000	97,600	1,085,000	24,600	4,377	376,277
" 11..	11,703,000	6,229,000	107,625	1,185,000	9,000	3,707	240,207
" 18..	13,298,000	6,514,000	121,500	2,044,000	19,000	5,942	622,342
" 25.	14,926,000	6,353,000	125,770	2,220,000	1,000	2,583	528,583
Sept. 1..	14,007,000	6,202,000	100,900	2,610 000	21,500	2,490	680,190
" 8..	10,978,000	6,572,000	72,220	1,695,000	500	5,277	1,289,777
" 15..	13,120,000	6,878,000	147,880	1,446,000	16,800	5,022	1,038,122
" 22..	9,600,000	5,466,000	85,354	1,663,000	31,500	7,611	651,811
" 29..	10,439,000	8,498,000	103,100	2,222,000	19,000	6,447	613,047
Oct. 6..	12,382,000	9,255,000	94,200	2,805,000	27,000	9,779	814,279
" 13..	12,843,000	9,581,000	77,450	2,337,000	28,900	6,880	810,080
" 20..	11,191,000	7,575,000	83,950	1,035,500	41,000	10,437	626,237
" 27..	8,215,000	7,275,000	73,000	1,722,000	47,500	8,082	659,582
Nov. 3..	14,836,000	10,110,000	76,445	1 712,000	53,500	6,988	420,588
" 10..	10,444,000	5,936,000	79,015	1,589,000	37,000	5,128	424,428
" 17..	11,109,000	7,027 000	103,720	1,355,000	33,000	13,278	1,017,778
" 24..	11,160,000	6,078,000	74 500	1,155,000	34,000	5,866	680,266
Dec. 1	13,146,000	9,122,000	99,375	2,135,000	42,500	7 530	928,430
" 8..	13,267,000	6,306,000	88,200	1,565,000	4,000	5,883	720,283
" 15..	11,998,000	5,579,000	88,280	1,808,000	14,500	7,924	660,324
" 22..	12,108,000	6,407,000	76,100	2,175,000	1,000	5,559	740,659
" 29..	8,615,000	4,394,000	71,300	875,000	10,000	3,494	645,394
Totals..	475,441,700	232,570,000	4,999,605	62,975,100	1,604,650	326,826	30,659,326

Col. Grosvenor, in analyzing this table observes that, "supposing that all the cotton sold had brought about the present price, which is not far from the average for the year, the cost would have been about $18,600,000 for cotton that did exist, and $1,728,950,000 for cotton that did not exist at all. The wheat would have cost less than $60,000,000 for the wheat that did exist, and $600,000,000 or more for

wheat that never grew. Real corn cost about $32,000,000; phantom corn cost about $133,000,000. Visible oats may have cost $5,000,000, while invisible oats cost $17,000,000 or more." The enormous disproportion between the value of legitimate and speculative sales in these products, based on the foregoing calculations, are shown by the following very suggestive table:

	Gambling.	*Trade.*
In cotton	$1,729,000,000	$18,600,000
In wheat	600,000,000	60,000,000
In corn	133,000,000	32,000,000
In oats	17,000,000	5,000,000
Total	$2,479,000,000	$115,600,000

The evil consequences of carrying speculation so far are very apparent. Setting aside the moral consequences, the diversion of funds, the destruction of character, the agitation of mind and unfitness for business, there are other losses of a very grave nature. In the first place, those who desire to engage only in a legitimate business are subjected to new hazards, from which they would, if possible, gladly escape. They would buy with the view of making only a reasonable profit, quite content with getting that without the stimulus of acquiring extraordinary gains. But with the constant rise and fall of products, they do not know when to buy or sell. The utmost prudence and foresight go for naught. The speculator with plenty of money is able to defy, for a time at least, all ordinary causes which, except for his action, would affect the market. Not long since the price of petroleum was driven up to a very much higher figure, and kept there for a considerable period in the face of a production largely exceeding the demand, and a supply large enough to last a year even if no more were produced. All calculations, therefore, founded on natural events, however well reasoned out, are never safe. Thus with the exercise of the utmost wisdom and energy in the management of one's business, it nevertheless often becomes extremely hazardous.

How speculators may derange the market has been clearly shown by their operations during the last few months in driving up the price of breadstuffs in the full blaze of a large surplus. It is true that a portion was wanted abroad, yet there were other markets beside ours whence supplies could be obtained. From California, Russia, Egypt and India wheat could be had to fill the European vacuum, and perhaps all or the greater portion that was needed. But taking advantage of the fact that a part of our surplus would thus be required, speculators forced up prices to an abnormal height and thereby checked exports. For months these have been much smaller than they would have been had speculators not controlled the market. Indeed, our exports thus far hardly exceed the unsold surplus of the crop of 1880.

But to execute these vast speculative enterprises money is needed, and the one who has the most is pretty sure to succeed. In many cases it is essentially a matter of betting, and he who can bet the highest, and put down the money required, is sure to win.

Whence comes the money that is used in speculation? From various sources, but too often it is supplied by banks. Higher rates of interest tempt them to withdraw it from legitimate business and to loan it to speculators. One reason why the banks loan so much to stock speculators is because it can be quickly demanded. As depositors may call for it at any time, banks wish to keep it where they can get it without delay. Moreover, when interest is allowed on deposits, as is often done, of course it must be loaned, and call loans furnish the most profitable field for investment. But it has long been contended that banks ought not to allow interest on deposits, nor loan money on call. If they did not the former thing they would be less inclined to do the latter.

It betokens a sad condition of things when speculators can afford to pay more for money to be employed speculatively than those engaged in legitimate business can for its use. Yet this unhappily is the fact. For months the rates of interest have been high, because speculators were employing so much. Had speculation been less rampant for the last six months there would have been money enough to supply all the wants of business at reasonable rates. They have made money scarce, sometimes artificially, but oftener by getting it to buy and hold cotton, wheat and other products for the purpose of forcing up prices.

It would be very unfair to accuse all the banks of doing these things; on the contrary, there are very many that do not. They are stoutly opposed to paying interest on deposits, and to loaning money to speculators. They still maintain the sound idea that their funds should be loaned to those only who are engaged in mercantile pursuits. But this cannot be said of all of them. How egregiously did the Pacific National Bank of Boston sin in this regard. A vast sum, many times larger than the law prescribed, was loaned to one man, and he a notorious speculator. The fortunes of the bank then rested upon the success or failure of the operations of this single borrower.

Two things can be done to diminish the spirit of speculation: one is to abolish calls at the exchanges; the other is to prohibit the loaning of bank funds to speculators. Some have contended that as the gambling fever is markedly developed in the American people, perhaps it might be well enough to suffer the stock exchanges to continue on their present plan, and thus allow the gamblers to drain off all their money and energies into that sink, and this idea is de-

serving of consideration. It is affirmed, too, that less derangement to business would occur from the continuance of speculation in stocks than in other things.

Admitting the truth of these observations, surely speculation in breadstuffs and other necessaries of life ought to be prevented if the law be powerful enough to effect such an end. After the experience of the last few months there should no longer be any hesitation in attempting to check, and if possible destroy, this monstrous evil. The numerous and grave consequences resulting from it are patent to every one. There is no subject more worthy of legislative action.

PROSPECTIVE FINANCIAL LEGISLATION.

It is evident that financial measures are to fill a prominent space in the debates of the present Congress. Sectional strife has died away, and our foreign relations, except, perhaps, the Panama canal controversy, will hardly furnish themes for discussion. Several measures directly affecting the pockets of the people, have already been introduced, with the promise of more to come at an early day.

It is to be regretted that hitherto Congress has shown so much ignorance and indifference in considering financial matters. The members who devote much attention to an investigation of these questions are few. While that body has always been plentifully sprinkled with men possessing an extensive knowledge of law and other subjects, too often a painfully inadequate comprehension of financial questions has been displayed. It is true these have occupied so large a place in recent years that perhaps more members have some sort of knowledge of them than ever before; yet even now those who have sought to acquire a mastery of the financial condition and needs of our country may be easily counted.

The measures which are most likely to engage the attention of our legislators relate to the tariff, banking and refunding. Already has Senator Sherman introduced a measure concerning the refunding of a portion of the National debt, the text of which, as reported by the Committee on Finance, was published in our last number. But to this amendments have been offered, one of which directs that the specie beyond $100,000,000 in the Treasury shall be applied toward paying the debt. The object of this amendment is twofold. It is to prevent too large an accumulation in the Treasury, and to discharge a larger portion of the debt bearing interest. It is a grave responsibility surely to impose on the

Secretary the duty of determining the amount of the reserve that shall be kept to redeem the legal tenders, and the disposal of the surplus revenue. Well might he ask Congress to narrow this responsibility somewhat, certainly to the extent of having that body declare how much shall be retained as a redemption fund to pay the legal tenders. Nor can we perceive any danger in fixing the ordinary amount that should be kept in the Treasury to meet the current expenditures, although, of course, such a limitation should be made with reference to the varying receipts and expenditures at different seasons of the year.

The reserve fund is estimated by deducting from the cash in the Treasury the aggregate of current liabilities except the legal-tender notes. These liabilities include coin and currency certificates, balances subject to the checks of disbursing officers, funds for redeeming National-bank notes, unpaid interest, outstanding checks, matured bonds and interest, the balance due to the Post office Department, old debts, undistributed assets of National banks that have failed, and other smaller items. Except the coin and currency certificates, these obligations are widely scattered and slowly presented.

The Treasury has usually assumed a reserve of forty per cent. for the legal-tender notes, and one hundred per cent. for the other liabilities described. But it must be apparent to any one who looks into the subject that a very much smaller reserve would be ample security against all demands by the holders of these unpaid obligations. The remarks of Mr. Gilfillan, the United States Treasurer, in his last report on this point are worthy of serious consideration.

So far as the gold, silver and Clearing-house certificates are concerned, it is necessary, under the laws authorizing their issue, that their full amount should be set aside in gold, silver and United States notes, respectively, as funds for their redemption; but as to the other liabilities no such obligation exists, and it is submitted that no higher reserve is required for their protection than is required for the protection of the United States notes. In the changed condition of trade and commerce, unless some calamity shall overtake the nation, there seems to be no probability of a run upon the reserve of the Treasury. The total demand for coin in redemption of United States notes has aggregated since resumption but $12,029,086, and no notes whatever have been presented for redemption since February, 1881.

Should there ever be a run on the specie reserves of the Treasury, the United States notes will be made the basis of the demand, and not the other matured obligations which compose the very varied current liabilities of the Government mentioned.

Whatever financial legislation, therefore, may be the fruit of the present session of Congress, an application of a larger portion of the surplus toward the reduction of the debt and the interest account would be wise economy. It is desirable, too, for Congress to decide how much shall be kept as a

reserve fund to redeem the legal-tender notes, as well as the other current obligations of the Government.

In respect to the merits of Mr. Sherman's funding bill, we have already discussed the subject in a previous number. The measure is certainly premature. Congress should do nothing more about funding until it is settled whether the taxes are to be diminished, and if so, to what extent; and also the question of expenditures. The more the subject is turned over the more clearly does it appear that the main object in enacting a three-per-cent. funding bill is to tie up the Government so that it cannot get hold of its debt and pay it.

Mr. Buckner, who was Chairman of the Committee on Banking and Currency at the last Congress, has introduced a couple of bills, the leading features of which we have given elsewhere. It will be noticed that instead of substituting legal-tender notes for the bank notes, which he would have withdrawn, he proposes to substitute Treasury notes. This proposition marks a step in advance of those who have favored a substitution of greenbacks in place of the National-bank circulation. Of course the taking of Treasury notes by public creditors would be purely voluntary, but still their issue in the form proposed by Mr. Buckner is open to the same constitutional objection urged against the legal tenders. John C. Spencer, the third Secretary of the Treasury during President Tyler's troubled administration, proposed the same thing, but a committee of Congress presented such cogent reasons against the constitutionality of the measure that it was easily killed. What will be the fate of Mr. Buckner's measure remains to be seen.

In respect to the revenues, three currents are observable, running in different directions. One is toward a reduction of taxation and a slower payment of the debt; the other two would not disturb much the present rates of taxation, but would change the destination of the National income. There are many who stoutly adhere to the policy of discharging the debt as rapidly as possible, while others would maintain the present rates of taxation, but dissipate the revenues in other ways. It is to be feared that those in favor of this latter policy are growing in numbers and influence. A great variety of schemes are hatching to accomplish this end. One is to separate the appropriations for improving the Mississippi river from the bill in which they are usually put, and frame an entirely new bill for them with the expectation of magnifying the importance of this great water route, and securing very much larger sums for improving its navigation. Then a strong effort is making to reconstruct our navy, which, if undertaken, will absorb many millions. The pension fraud seems to be a fathomless abyss, and hundreds of millions will undoubtedly be required to

fill it. Of course it is impossible to make any estimates of the vast sum that will be thus needed; but those who have tried to dive the furthest into it, are the most gloomily confident of the enormous sum that will be sunk there during the next few years. Others are tasking all their powers to devise methods of diverting the public revenues into new and questionable channels.

The indications are that the revenue laws will not be essentially modified; the danger is that the revenues will be frittered away in foolish and corrupt undertakings. While a public debt exists every dictate of wisdom points toward paying it as soon as possible without oppressing the people; and it would, indeed, be a sad story if the splendid surplus now accruing to the Government should in the future be thrown away and the debt be suffered to remain. The most serious task before the present session evidently is to prevent unnecessary appropriations.

THE GOLD QUESTION AND THE BANK OF FRANCE.

[TRANSLATED FROM THE L'ECONOMISTE FRANCAIS.]

About three months ago, when the financial public was a prey to a grand prejudice, a sort of anxiety relating to the drainage of European gold for America, we published an article that had for its object to point out the causes which had excited these wild alarms. Many persons imagined that the rate of discount was going to be successively changed at London, and perhaps at Paris, by sudden and continuous advances to seven, eight or nine per cent., that it was going to result in sinking in the market personal values, and that we were going to see Paris and London destroyed by a crash such as had happened at Vienna and Berlin some years ago

These ultra-pessimistic prophesyings seemed exaggerated to us; we did not believe in a sharp, violent crisis, but an embarrassment of longer duration, which, without profoundly affecting the economic organism of the Old World, would, in a certain measure, be felt for a long time. Here is the comment we expressed on this subject in our number of September 3d: "What we are calling a monetary crisis will be a chronic malady which will last for years. There is a country growing more rapidly than any others; this country should naturally draw to itself, in some constant sort of way, a part of the metallic money which is annually produced; and if this yearly production of specie is insufficient,

it should take a portion of the specie of old countries." Our conclusion was, that for several years the rate of discount—the interest on floating capital—would be more variable and more enhanced than it had been formerly.

We recall these lines because they seem so true, and also that in the end we may not be put in opposition with ourselves. Three months ago in defending the foregoing opinion, we combated the pessimistic exaggerations of certain newspapers; to-day, in maintaining the same opinion, we are combating the very eager and superficial optimistic previsions of the same journals. It is said to us on all sides to-day that there is no longer a monetary question; that the overtures of the next year, the rate of discount and the rate for carrying will decline; it may be remarked that a couple of millions of gold are returned each week, sometimes half a dozen millions, into the vaults of the Bank of France, and the conclusion may be drawn that we will soon see the day when the discount and rates for carrying will be as low as during the periods of 1874 and 1879. Ah well! we think that these advances are wholly erroneous, and that the event will belie them; not suddenly, since we have never believed in a sudden and violent crisis, but a slow and continued movement, since we have settled that the monetary situation of Eastern Europe may be likened to a chronic malady to embarrass us for many years.

Our opinion is that we will not see for a long time the low rate of discount and the low rate for carrying to which we were accustomed in 1874 and 1879. To believe that the rate of discount would be lowered very soon and maintain itself for a considerable period at three and a-half or three per cent., I do not say at two and a-half and two per cent., is to lose sight of the economic situation of the world. The probabilities are that it will oscillate during the following years between a minimum of four per cent. and a maximum of six per cent., and that it will approach to five per cent. as a central point. We say the probabilities, for, without doubt, it is impossible to foresee with absolute certainty, but the indications that we have come to are those which present themselves to the mind of all reflecting men knowing something of the world.

That which suggests to us this opinion is entirely derived from observations. Nothing is more complex than the monetary and financial situation. It is a habit to speak only of the United States, and certainly the United States play a grand *role*, but they are not the only element in the situation. In respect to the United States, it is almost certain that for a very long time they will be related to Europe as demanders of precious metal, not in such enormous and sudden proportions as they have drawn for a year or for the

last six months, but almost in a continuous manner. Here is a country which has to-day 52,000,000 of inhabitants, that receives yearly 700,000 or 800,000 immigrants, who cover an indefinite and cultivated surface, adding in value new millions of hectares every year; this people need the instruments of exchange in proportion to the development of population and of its riches, in proportion also to the diffusion of the number of inhabitants over an enormous space. The difficulties of gathering the harvest occupy here only a secondary and transient place; the important phenomena is the rapidly increasing movement of a population already considerable. America has already absorbed much gold, and it is probable that she will absorb more. From an approximate estimate by the London *Economist* we borrow this account: In the summer of 1881 the United States held about 140 millions of pounds sterling of gold, although they had only 100 millions sterling in 1880, and only eighty millions sterling in 1879. Notwithstanding this enormous accumulation of their metallic money, we did not see that the vaults of the banks of the United States contained very much more than in 1879. The third of December, 1881, the associated banks of New York had a metallic reserve of 11,060,000 pounds sterling against 10,900,000 pounds sterling the 4th of December, 1880, and 10,900,000 pounds sterling, or exactly the same sum as the 6th of December, 1879. Notwithstanding the enormous augmentation of metallic money in the United States from 1879 to 1881, the reserve of the banks of New York did not increase only in an infinitesimal figure. It is true that the reserve of the Treasury was augmented considerably, but by far the larger portion of the accumulation of specie was put into circulation where it was needed, especially in the agricultural States of the West, where the population is very scattered and not able to economize the use of the precious metals like the large cities of the East.

The United States are not the only people of the New World who are developing, and who, for a long time will have the appearance in the eyes of the Old World as a demander of metallic money. Almost all the people of the New World are in the same case. Glance over them. Here is Mexico, whose progress, it is said, has been considerable in these latter years. A grand National bank has been founded there with French capital, which says that it will be necessary to bring French and European capital into that country. Lower down and skipping over Central America we reach Columbia, where there is a gigantic enterprise, the canal of Panama, which will attract European capital, and call for an outflow of metallic money. The currency of the States of South America is, in general, forced; but their economic situation. which has been disturbed by a violent crisis, is now improving, Brazil and the Argentine Republic, are developing their re-

sources. Peace will be made between Chili and Peru and these two States will renew their economic activity. All development of the economic life of these countries, in the period of youth, unless still in infancy, draw an increase of support from foreign capital.

It would be erroneous to consider the New World only as summoning capital, and, in a measure more or less strong, the metallic money of more ancient societies. There are in Europe, old long-stagnant countries, but poor if not miserable, which are returning to activity and usefulness. This is the case in Spain, in Portugal, in Italy, in Austro-Hungary, in Greece, the countries detached from Turkey; such perhaps will be the case with Turkey itself. This is, undoubtedly the condition of Egypt, which, though not a European country is, notwithstanding, approaching the countries we have named. All these countries in which life begins to reappear stand face to face with England, France, Belgium and Holland, as demanders of metallic-money capital. Italy, at this moment, is seeking in an imperative way to arrange with a tendering party for a loan. But Austria-Hungary, Spain, although not calling so loudly, nevertheless, are acting the same way.

At the same time that the activity of the great and small rich nations incline themselves so liberally toward the former beggars of the rest of Europe, the industrial movement is developing in the bosom of the rich people themselves; in England this may be proved; there is in that country a very marked improvement of affairs, this appears to be so in Belgium. Perhaps this new awakening is less noticeable in France; nevertheless, it is manifested in certain grand branches of production like metallurgical industry.

It seems then that floating capital is, at this moment, seeking everywhere to emigrate or be fixed, and, on the other hand, the metallic money of old and rich countries is going into new rich countries, or into old countries previously poor, which are beginning to revive. There is at the same time a monetary question and an industrial question which are entangled; the result of this complication is that one cannot foretell very long in advance the price of discount and the rates for carrying—in a word, the rate of floating capital is returning to the lower current of 1874 and 1879. The dearness, or at least the dearness, relatively, is very probable for a long space of time—for many years.

We object to augmenting the gold balance of the Bank of France each week and reconstituting the metallic reserves of our first establishment of credit, in order to form a basis of discount. This is, to our mind, a grave illusion. The gold balance of the bank, thus actually fortified, is a delusion, and will not exercise any serious influence on the monetary market.

Consider the importance of this balance. On the 11th of December, 1879, it was 775 millions, in round figures; on the 9th of December, 1880, it was not higher than 550 millions; here are 647 millions on the 8th of December, 1881. What a fine triumph! It has added about 100 millions within a year; it is still 125 millions below what it was two years ago But we are unwilling to keep an account so inferior. Considering the way of doing it, it is probable enough that in six or seven months, perhaps, the gold balance of the bank will touch the figures, pretty nearly, of that of the 11th of December, 1879. Let us go further, supposing that by the actual methods, the gold balance of the bank is going up to one million in eighteen months or two years, would we be any further advanced? Would we believe that the monetary question was modified? Would we think that the industrial and financial situation was changed? Not in the least. We even dare say that the more the Bank of France accumulates gold in its vaults by the methods it has employed, the worse the monetary situation. The accumulation of a gold balance by the Bank of France is wholly an artificial thing. Where is the proof? Because the Bank of France, in the numerous settlements that are made daily, selects with care the ten and twenty-franc pieces and plunges them into its vaults whence they will not be brought to light.

Avaricious Acheron never lost so great a spoil. Who or what comes to increase the balance of the Bank of France. It is like the gold that will come to replace it in the mines. It does not exist for a circulation. It is an idle satisfaction that one feels, in going over the balance-sheet of the bank, that there are three or four millions more of gold there which the bank has drawn from the circulation and put in its caves.

The Bank of France has taken all the gold that has gone there and has not delivered one piece; here is the whole secret of the operation. At this rate, the balance of the bank will be augmented as long as there is a particle of gold in France to put into it; should the day come when the balance of the bank is not augmented, that day will prove that there is no longer gold in the country, or each one, imitating the Bank of France, will set to hoarding himself. When we have arrived at this culminating point of a gold balance for the bank, there will be the close of the comedy; France will have become a country having only a silver standard.

Ah! if the gold balance of the Bank of France augmented in a normal manner, if the bank received the gold that was brought to it and gave gold when it was demanded, this would be different; the accumulation of the balance would be economical and regular, from which we could derive important consequences; but it is not so. The Bank of England, in its balance sheet of the 7th of December, 1881, had

only 520 millions of gold, whilst it possessed 625 millions the 8th of December, 1880, and 690 millions the 10th of December, 1879; it has lost 105 millions since last year, and 170 millions within two years. The Bank of France has gained 100 millions of gold within a year; but if it had left things to their natural course, does any one believe that it would have lost any of its balance like the Bank of England?

The augmentation of the gold balance of the Bank of France is a phenomenon absolutely wanting; its officers interpret badly. To speak the truth, instead of seeing a relief to the monetary crisis, we are heightening the aggravation. We see the larger the accumulation of the gold balance in the Bank of France, the more the gold circulation will be diminished; on the other hand, the more the gold balance is increased, the more difficult is it for the bank to open its gates. The gold that is detained is a prisoner. We say that the millions of gold which each week are put into the reserve of the bank are in some sort hidden in the mines; this is the more irremediably lost, for if it were in the mines it could be extracted from them, but if it is in the vaults of the bank it cannot be drawn therefrom. It is strange that one considers that progress consists in impoverishing the circulation for profit to the hoarders. They have counseled the bank in these latter days to buy gold, which would be an absurd measure, because it would cost first foolish sums to the bank and a total loss; because it would enhance afterward in enormous proportions the cost of gold. It is not necessary to know how much gold there is at the bank, but how much it returns into the circulation. Gold that is put back into the vaults of the bank is absolutely withdrawn contrary to all usage, not even playing the *role* that gold does in a shallow view in its beds or hiding places; it is the proceeding of an old woman.

It is moreover a general mania, that of putting gold into captivity. Italy intends to capture 400 millions of gold; the United States have in their Federal Treasury several hundreds of millions, the Bank of France 650 millions, and one can imagine what a grand service to France will be rendered when 300 or 400 millions more of gold has been captured from the circulation; it is Harpagon and his cash-box that serve for a model for the whole world. Finally a summing up of the monetary and industrial situation does not presage the maintenance for a long time of what may be called dear money; certainly a remedy will not be found in the systems of hoarding by the Italian and American governments and the Bank of France. On the contrary, these practices will aggravate the situation by adding an artificial to a natural advance of gold.

PAUL LEROY-BEAULIEU.

PRIVATE BANKING.

The report of the Superintendent of the Bank Department of the State of New York is an interesting document, but what will, doubtless, surprise readers most are his remarks touching the rapid development of private banking in the State. Statistics are not easily obtained, but the superintendent says, that "competent persons estimate that the amount of capital employed by the private banking interest fully equals the amount invested in regular banks, both State and National." Such a statement will astonish many; and they will be led at once to inquire, what is the cause of this enormous growth in private banking? Of course, these bankers do not issue notes like incorporated banks, and their profits are acquired wholly from the capital invested and the deposits that are kept with them.

The Superintendent says that the primal cause of the rapid growth of this business is the very onerous taxation to which incorporated banks are subjected. Private bankers are free from official visitation; and although they are liable to pay a tax on their reported capital and deposits, yet if no returns are made the State has no means of knowing how to tax them. In other words, the tax they shall pay is determined by the bankers themselves. Of course, it will not be denied that they, like all other persons and corporations, ought to bear their fair share of the burden of taxation.

So far as the business itself is concerned, it is just as legitimate for individuals to employ their own capital and the capital of others as for incorporated banks. This business has always flourished to a greater or lesser degree, and while private bankers may sometimes make improper investments and lose money, yet this is simply the repetition of all kinds of banking.

The proper function of the State is to prevent them from assuming any other character than the character they really possess. So long as they hold themselves out to the world as mere private bankers, not subject to State supervision, depositors and others doing business with them will not be deceived. It will be readily admitted that they ought not to be allowed to impose upon the public, by creating the impression that their business is subject to public scrutiny when it is not. If permitted to do this, there is danger not only of deceiving the public, but of injuring the business of those who are desirous of conducting it in a strictly honest and open manner.

Probably those who do business with private bankers under-

stand pretty well what they are about and the nature of the business. We question if many have been deceived by private bankers, or if there is much danger of deception. Certainly, many of the ablest and soundest bankers in the State are engaged in private banking, and the rapidity with which the business has grown is proof of the confidence reposed in them by those who intrust money in their hands.

FINANCIAL CONDITION OF JAPAN.

The strides of Japan toward the light of modern civilization have been far more rapid than those of any other Eastern nation, and have justly excited the admiring surprise of all outside observers. One of the National accompaniments of a higher civilization seems to be a National debt, and in this regard Japan is not separated from the most highly-civilized nations. A national banking system, too, has bloomed into a high degree of perfection and fills a prominent place in the financial system of the empire.

We will begin with describing the sources of revenue. The customs imports and exports for 1880 were 2,569,462 yen, which is the monetary standard most convenient for our use. A yen is a gold coin equivalent to 99.7 cents, or very nearly the same as our gold dollar.

The imports and exports are limited by treaty to five per cent. *ad valorem* on almost all articles of trade. The export duty on cotton and silk fabrics, bronze and lacquer wares, paper, fans, bamboo, pottery and umbrellas, was abolished on the first of July, 1879.

The chief tax is derived from land. This, during the period under review, amounted to 41,901,441 yen. Under the oldest *regime*, when the Emperor was the real, besides the nominal, head of the Government, the land was divided into nine squares, the central of which was cultivated by the holders of the other eight for the use of the Emperor. Thus the land tax amounted to one-ninth of the whole product of the soil. In the fifteenth century, however, when the military leaders, the shoguns and daimios, gradually usurped the real power of the Emperor, four-tenths of the produce of the land was exacted. With the restoration of the imperial authority in 1873, the Government tax was fixed at three per cent., but there was also a local tax of one per cent. more. Three years afterward a decree was issued reducing the Government tax to two and one-half per cent., and half the local tax was taken off. At the same time the Government announced that its intention was to increase the tax on tobacco and spirits, and to reduce gradually the land tax

to one per cent. The Government has not yet been able to fulfill its intentions in reducing land taxation.

A mining tax also is levied, the title to mineral lands still remaining in the emperor. The tax is first laid on the value of the land, then if the mines are actually worked another tax is collected of about one dollar to every six square rods from which ore is taken. As though these taxes were not enough another is demanded, in the form of a royalty, from three to twenty per cent. on the ore actually extracted, varying with the working profits of the mine. "With all this burden upon mining," says Consul-General Van Buren, from whose report most of these facts are gathered, "it is not wonderful that the revenue from that source is so small, or that the mining development is so slow and unsatisfactory."

The stamp taxes and those on distilled and fermented liquors and tobacco require brief mention. There is no tax on the tobacco leaf, but the manufacturer pays an annual license of ten yen and the retailer pays five yen for one, beside selling his goods in stamped paper, which is taxed *ad valorem*. The tax on liquors formerly varied in the different provinces, but in 1871 a uniform law went into operation. First, there is levied a tax of ten yen for a license to manufacture, then a tax on the rice used in brewing, varying from two to four yen on five bushels; afterward a third tax is levied on the liquor manufactured. The retail dealer is also required to pay a license of five yen.

The stamp taxes are levied on ruled paper for petitions, etc., and also on that required for all receipts and contracts, and transfers of real estate. The tax is three cents on every transaction of the kind exceeding ten yen. The people are very careful to take receipts for all payments and to put in writing every contract involving more than a very small sum. No document involving more than ten yen is legal unless it is stamped.

The inhabitants of the island of Yesso pay a tax varying from ten to twenty-five per cent. on their products in lieu of a tax on their land and other taxes. A considerable revenue is derived from the public works, Government mines, railroads, docks, etc., and also from licenses on steamships, junks, carriages, incorporated companies, druggists, shooting, horse and cattle dealers, and from several other sources. Of the total amount mentioned by Consul-General Van Buren, 41,901,441 yen were drawn from the land; the reader will therefore readily see what an important feature land taxation plays in the financial administration of the empire.

Turning now to the expenditures of the Government these need not be described so minutely, except those relating to the public debt. Beside providing for the imperial household, annuities for meritorious services rendered to the Government, pensions to shrines and temples, and hereditary

pensions to certain soldiers, there are expenditures for the various departments of the Government. including that of education.

The National debt is classified into foreign and domestic. The foreign debt is 11,012,696 yen, and is known as the old loan and new-loan debt.

The old-loan debt was created in 1871 in London for the purpose of building a railroad from Yokohama to Tokio The bonds bear nine per cent. interest, payable in gold. A special sinking fund has been provided for extinguishing this debt. Of the original debt 3,913,000 have been paid, and only 976,000 yen remain.

The new-loan debt bears seven per cent. interest, payable in gold, and was contracted in London to pay the voluntarily surrendered allowances and pensions of the daimios and their retainers. It was at first 12,000,000 yen, but has been reduced 1,963,304 yen.

The domestic debt is vastly larger, amounting to 347,034,594 yen. This is divided into two kinds, one kind bearing interest, and the other not. The amount of the interest-bearing debt is 229,139,615 yen, and was contracted chiefly to pay for the pensions, either willingly or unwillingly by the priests and nobles. The following table, descriptive of this portion of the debt, is not without interest, because of the singular nature of nearly all the items:

	Yen.
1. Loan raised from the people for public improvement, at four per cent. interest	11,152,650
2. Bonds exchanged for currency, at six per cent	4,603,300
3. Bonds to meet voluntary surrender of pensions by nobles, at eight per cent	11,821,950
4. Bonds to meet compulsory surrender of pensions, at five cent	31,412,555
5. Same as above, at six per cent	25,352,450
6. Same as above at seven per cent	107,997,015
7. Same as above at ten per cent	8,876,370
8. Bonds to meet surrender of priests' pensions at eight per cent	423,325
9. Bonds for public works, at six per cent	12,500,000
10. Bonds to meet expenses Satsuma rebellion, at five per cent	15,000,000

In respect to the second item it may be remarked that in 1873 the Government endeavored to contract the currency by offering convertible bonds in sums of fifty yen and more, bearing six per cent. interest, in exchange for the circulating medium. A certain portion of these bonds are drawn annually by lot and paid at par in gold.

Perhaps a brief explanation of the purchase of pensions by the Government, which is the origin of a very large portion of the debt, is needful:

At the time of the abolition of feudalism, all the income from the different feudatories of the empire was in the hands of the daimios and their retainers. When, in 1869, they surrendered their privileges they received a compensation or allowance calculated at

one-tenth of their former incomes. In addition to these there was another class of pensioners, who had received annual allowances for services to the State. In 1873 a plan for the capitalization of these pensions and incomes was offered. A portion only of the holders accepted the offer. This sum in item 3 was raised for the purpose of capitalization in addition to the amount of item 2, foreign debt. Items 4, 5, 6, and 7, aggregating 173,638,390 yen, were incurred in the completion of the capitalization of these pensions and incomes. In 1876 commutation of them all was decided upon, and the scheme was consummated as rapidly as the Government could find the means.

The debt not bearing interest amounts to 117,894,979 yen. Of this sum, 9,211,776 yen was incurred to liquidate the indebtedness which the daimios had contracted during the last fifty years of their administration. The present Government assumed these liabilities on condition that they should not bear interest, and that one-fiftieth of the amount should be discharged annually.

But the larger part of this debt consists of Treasury notes in circulation. These have been diminished somewhat during the last two years, but more than a hundred million yen are outstanding. No way has been devised for retiring them except by their voluntary conversion into bonds as previously explained. They are at a heavy discount, and no plan has been perfected for appreciating their value.

The Consul-General suggests that the only possible and desirable scheme of placing them on a specie basis is:

1. To make such gradual contraction of the volume of paper in circulation as not to produce any violent disturbance of values.

2. To so increase import duties as to produce a much larger revenue, whereby imports would perhaps in some degree be lessened, and general home production stimulated.

3. To encourage the extension of the areas of cultivation, by the introduction and use of modern improved machinery, and of artificial manures, or, better still, the extensive raising of stock and the consequent production of the barn-yard deposits.

4. To open the country and its mines to foreign capital, ingenuity and skill.

These measures he declares would probably place the financial credit of Japan on a sound basis. Surely the need of taking some step toward improving the value of the circulating medium is very apparent, nor is it ignored by the Government. It is to be hoped that a safe way may be found out of the difficulties which now environ that interesting nation.

Resumption of Nickel Coinage.—The coinage of five-cent silver nickels has been resumed by the mint at Philadelphia, and applications for the new coins, accompanied by money or checks, should be made to the superintendent. The cost of transportation of the nickels, in exchange for lawful money, in multiples of $ 20, will be paid by the mint.

WHY THE MONEY DOES NOT COME EAST.

With almost the regularity of the coming and departure of the seasons, money flows westward during the autumn and after remaining there for a brief space the current changes and sets toward the East. This year, however, while more money went South and West than usual, it has not returned as in former years. Week after week has gone by and the expectation of cheaper money from the return of the money sent out has not been fulfilled. The time for its ordinary return has long since passed, and yet it is very slow in coming. Formerly the outflow ended in October, but this year more than $7,600,000 went out during that month; nor did the current change till the close of the year.

What are the causes of this unusual phenomena? One is, the outward demand was not like that of previous years. The money sent was not merely to move crops. Doubtless a portion has been employed in this way, but a vast deal has been put into new enterprises in the West and South. New railroads in those sections of the country are absorbing enormous sums, which will not soon find its way eastward. A large portion of it will be spent for supplies of various kinds in those sections and stay there. The money spent for clothing will slowly find its way back to purchase new supplies, and when the railroads and kindred enterprises in process of construction begin to earn dividends other portions sent will return in the way of dividends. But that day is far off; there are those who believe it will not come for many a year.

Anyhow, it is becoming more and more evident that a great deal of the money sent away from the East during the last few months has gone to stay. The people are having more confidence in Western enterprises than formerly, and so they are willing to embark their capital in them. The development of the mining regions is absorbing large amounts. For the reconstruction of Southern railroads and the building of new ones, and for the development of the mineral and agricultural resources of the South, many millions are required which are now easily obtained. The political condition of that section of the country has changed so much within a short period, that the timidity capital formerly had about going there has been overcome, and so we are witnessing to-day the expenditure of vast sums in a multitude of new enterprises—perhaps on a grander scale than ever before.

One effect of this westward movement of money will be

the permanent advance of the rate of interest. This will certainly follow if capital does not return. There may indeed be times when the money market will be easy and rates low; but, looking at the subject in a broader light, this permanent outflow of the money to the South and West must be to enhance permanently the price of money.

THE CANADIAN BANK CIRCULAR.

Not very long ago the Canadian Parliament, in order to prevent speculation in bank stocks, enacted a law to the effect that those institutions should not make loans on bank stocks, or hold them as collateral security for advances to borrowers, though there was no penalty which could be applied in case the law was violated. Notwithstanding the law an increase of more than sixty per cent. in the amount of loans and advances within a year was noticed, for which stock and securities of various kinds were held as collateral; and there was good reason for believing that these collaterals consisted very largely of bank stock. It is true that these facts were not disclosed in the ordinary monthly returns, yet so strongly impressed were the Government officials that such a condition of things existed that, last December, the Treasury Board issued the following private circular to the bank managers in Toronto and Montreal, the principal centers of stock speculation in Canada:

First—Returns of notes and bills discounted, overdue, and notes specially secured, together with all details thereto.

Second—Returns of notes and other debts secured by real estate or by deposit of or lien on stock by other securities, and all details thereof.

Third—Other assets not included under foregoing heads.

Fourth—Advances on which stocks or bonds of corporation, Dominion, provincial, British or foreign public securities other than Canadian, are held as securities.

Fifth—The name of every man employed in the bank either at Montreal or Toronto and his duties.

Sixth—The name of every employé of the bank either in Montreal or Toronto who holds, personally or in trust, bank stocks which are held as collateral or otherwise by the bank on which deposits have been made.

The banks immediately remonstrated against making the returns on the ground that great labor would be required, but more especially because in so doing they would expose their dealings with their customers. The circular was marked private, and if the banks had complied with it and the Minister of Finance had kept the returns secret, the banks would have had nothing to fear except in those cases in

which the law had been violated. But it is said that the banks either gave the circular to the press or allowed it to be given to the public. The effect of publishing it is well known. Down went Canadian bank stocks from four to twenty per cent. Of course the Government officials relieved themselves from all liability for these consequences by declaring that the publication of the circular was no act of theirs, but was due to the action of the banks themselves. The fall in the price of bank stocks and the hostility excited by the issue of this document has had the effect of causing a modification of it. The following, therefore, has been issued as a substitute:

First—A return showing loans, discounts and advances for which bank stocks are held as collateral security.

Second—Other current loans, discounts and advances for stockholders and others for which bank stocks are held either directly or indirectly as security.

Third—Notes and bills discounted overdue and other overdue debts secured by bank stock.

Fourth—Other assets not included under the foregoing heads limited to those for which bank stocks are held either directly or indirectly.

Fifth—A list of bank stocks, if any, held in the names of any of your staff at Montreal, whether in trust or in individual names, upon which advances have been made by the bank, or which are held as collateral security by the bank.

Although the panic in bank stocks has passed away, and they have recovered their former value, the action of the Treasury Board has not ceased to excite discussion. The banks profess a willingness to comply with its requirements, and the *Toronto Globe* says that this movement by the government has had the effect of preventing these institutions from continuing to make loans in violation of the law; in other words, as the Canadian *Journal of Commerce* puts it, "the circular has been a more powerful instrument than an Act of Parliament."

Concerning the wisdom of the law itself, the same journal adds: "It is probable that there was considerable difference of opinion on the subject, but it cannot be denied that there were many influential persons who believed that it was desirable, in the interest of the bank shareholders generally, to put an end, so far as it was in the power of Parliament to do so, to the facilities afforded to speculators, by their obtaining loans on the collateral security of bank stocks."

The intent of the law is worthy, but it is now clearly seen that it operates unfairly toward those banks that have complied with its requirements. The *Globe* says that "lending on stocks appears to have been a very profitable business for some banks;" far more so than if all the banks had done the same thing. Evidently the law needs amend-

ing, so that the banks who desire to conduct their business legally shall not suffer from the action of those institutions who choose to disregard any public regulation of their business.

PAYMENT OF THE PUBLIC DEBT AFTER THE WAR OF 1812.

The reimbursement of the debt was continued notwithstanding the war with Great Britain. The amount required for 1812 was $2,135,000, but for several succeeding years only $1,570,000 were annually needed. The public debt was neither increased nor diminished by these operations, but as the money market in 1814 grew more stringent, the difficulty of borrowing was increased. This, however, was not the gravest feature attending the payment of the debt. The commissioners of the sinking fund were required to apply the residue of the annual appropriation of eight millions to the purchase of stocks if their price fell below par. Gallatin feared that in consequence of this legal requirement there would be greater difficulty in obtaining loans than if no such requirement existed. The dreaded event did not happen, consequently the Secretary was free to apply the larger portion of the money borrowed toward paying other indebtedness.

Beside observing the law in respect to reimbursing the debt several small purchases were made, so that at the end of September, 1815, the amount remaining unpaid was $39,135,484.96. In the meantime a new debt had been contracted of large proportions. The amount funded September 30, 1815, was $63,144,972.50; the floating debt was $17,355,101, which consisted of $1,150,000 temporary loans, and the remainder of Treasury notes. Thus the total debt contracted since the beginning of the war was $80,500,073.50.

When the Treasury notes were first issued it was supposed they would be paid within the time designated. But they were not; and the amount remaining unpaid grew larger until the 20th of February, 1815. At that date there were issued or ordered $18,452,800. These were a charge on the sinking fund, and while they remained so were a serious burden. With a charge of more than twice the amount of the fund thrown upon it, beside other charges in the way of interest and payments on the new loans, the gravity of the situation is apparent. Dallas was desirous of emancipating the sinking fund from the Treasury-note debt. This could be done either by paying them from the current revenues,

or by funding them. He proposed, therefore, that provision should be made for paying or funding these notes, in order to relieve the sinking fund from that charge. He also proposed that the sinking fund should be applied first to the interest and reimbursement of the old six-per-cent. stock; and secondly, to the payment of the principal and interest of the temporary loans obtained under the Act of March, 1812, and then to the payment of the interest accruing on the stock debt created since the war. Finally, he proposed that the annual surplus of the sinking fund, after satisfying these ends, should be applied to the purchase of the stock created since the war, and that the interest on the stock thus purchased should be added from time to time to that appropriation for the purpose of making new purchases. Congress was willing to fund the notes, but went no further that session toward crystallizing the views of Dallas into legal form.

The law was passed in September, and before the close of the year more than $2,000,000 of Treasury notes had been funded. The stock that might be issued for them, or which could be sold for other funds, was taken to some extent, and with the means thus obtained Dallas was able to redeem another portion of them. Beside these modes of retiring them, a large amount was paid for taxes. More than $7,000,000 were paid in this way during 1816. Thus the Secretary was able to reduce the Treasury notes in a few months to a small sum, and the law authorizing their issue was repealed. There was left outstanding at the close of 1817 but little more than half a million of these notes. The whole amount issued was $36,133,794. The funded indebtedness was increased and reached the sum of $99.911,845.41.

The heavy increase of the public debt required an enlargement of the sinking fund. Dallas' recommendation of an increase of two millions, though not at first heeded by Congress, caused no injury to the public interests, because it was essential to discharge all the floating indebtedness before preparing to reduce the funded debt. Notwithstanding the increase of revenues the expenses of the Government continued heavy, and the mass of floating obligations, including the Treasury notes, could not be discharged for several months after the war closed. In 1817 the floating debt was decreased $10,872,000, beside more than $10,000,000 for arrears due to the army and in other ways, which did not appear on the books of the Treasury. Having paid the floating indebtedness the Treasury could proceed toward discharging the other portions of the public debt.

Early in 1817 the funding measures were repealed, and Congress enacted that from the proceeds of duties on merchandise imported, and on the tonnage of vessels, and from internal duties, and from the sales of Western lands, $10,000,000

should be annually appropriated to the sinking fund and be applied by the commissioners thereof to the payment of the interest and the reimbursement or purchase of the public debt. As the revenues for the year 1817 were very large, $9,000,000 in addition were appropriated to the same purpose, and the Secretary of the Treasury was authorized to pay the sinking-fund commissioners $4,000,000 more if he should deem it expedient to do so. Any future annual surplus exceeding $2,000,000 was appropriated in the same manner. The Act further provided that whenever there should be a surplus in the sinking fund beyond the amount of interest and principal due and payable during any year, the commissioners were authorized, with the approval of the President, to purchase the debt at the market price, provided it did not exceed the following rates; For the three-per-cent. stocks not over sixty-five per cent., the price of the six-per-cent. stocks should not exceed par, and for the seven-per-cent. stocks no higher rate in proportion than for the six-per-cent. ones. Another change was made in the former Funding Act respecting the purchase of certificates of indebtedness. These were to be canceled and destroyed as soon as purchased, and no interest was to be considered as accruing on them. With no addition to the debt it would be discharged in fourteen years if the law was fulfilled.

Crawford sought to induce Congress to give the sinking-fund commissioners authority to buy the public stocks at those rates which, in their judgment, would be for the interest of the nation, rather than to suffer the funds that could not be applied in reducing the debt to accumulate. At the rates fixed by Congress none could be purchased, and only those portions could be redeemed which became due. Crawford showed the probable saving of such a measure. On the other hand, the interest that would be paid if all the obligations were discharged only as they matured, would constitute a large sum. The wisdom of the measure seemed apparent. The commissioners, he observed, need not be required to purchase unless they saw fit, consequently the enactment of such a measure would not greatly raise the price of stocks. He declared that should such an authority be given to the commissioners of the sinking fund, it was probable that the different species of stock would advance in price above their present current value; but as the authority would be permissive, not imposing the obligation to purchase, it was probable that the surplus of the sinking fund might be more beneficially employed in purchasing the public debt, than by remaining idle in the Treasury until the year 1825. If that surplus could be invested early in each year, at the present prices of the different species of stock, it would produce a saving to the nation of not less than $4,000,000 between the first days of January, 1820 and 1825, which was

the time when the first war loans of 1812 could be discharged. But Congress declined to invest the sinking-fund commissioners with the needed authority.

Crawford then proposed that stocks which would be redeemable in 1825 and 1826, amounting to $26,000,000, bearing six and seven per cent. interest, should be exchanged for five-per-cent. stocks redeemable in 1831, '32 and '33. This idea was embodied in a law, but the Secretary failed to induce the holders of these stocks to make an exchange save to a very small amount. The increased demand for capital to prosecute commercial enterprises raised the rate of interest which could be obtained for money and defeated the success of the measure. This event was not anticipated at the time the measure was proposed. As there was a large balance the first of January, 1824, in the Treasury, amounting nearly to $10,000,000, which would be shortly increased, Crawford renewed his recommendation for granting authority to the commissioners of the sinking fund to purchase the seven-per-cent. stock during the year at rates consistent with the public interest. He then suggested rates which should not be exceeded, but the recommendation was not favorably received.

The first of January, 1826, $19,000,000 of the recent war debt was redeemable. It was probable that not more than $7,000,000 could be discharged that year. The year following $13,000,000 were redeemable, while it was equally probable that no larger sum could be paid than that of the previous year. There were, therefore, $18,000,000 which could not be paid in those two years. In 1828 the amount of principal redeemable would probably not exceed the ability of the Treasury to discharge it. The two succeeding years no portion of the public debt was redeemable, and in 1831 less than $19,000. "Policy would seem to suggest," said Crawford, "with a view both to the convenience of the Government and the advantage of the community, that the excess of debt, which cannot be discharged in 1826 and 1827, should be thrown, in equal portions, upon those years in which nothing is payable. For the present, however, it may be sufficient to confine such an arrangement to the excess of the year 1826. From the state of the money market and the high credit of the Government, no doubt is entertained that the $12,000,000 required to provide for the excess of debt on the first of January, 1826, may be borrowed at five per cent., reimbursable in 1829 and 1830." He desired that authority be given for effecting this arrangement if it were approved.

The same object, he declared, might be accomplished by an exchange of the stock redeemable the first of January, 1826, for a five-per-cent. stock redeemable in 1829 and 1830. Crawford favored a loan. A proposal for a loan, he added truly, invited competition from all the moneyed capitalists, including the Bank of the United States, while an exchange

of stock confined the demand for new stock to the holders of the old, who constituted not only a small portion of the capitalists, but a portion who were interested in preventing the exchange. Moreover, the experience of the Government during the last two years justified the preference for a loan. The experiment for exchanging $26,000,000 in 1822 had proved a failure, and another, tried the following year for exchanging $15,000,000 of the six-per-cent. stock of 1813, had resulted in the exchange of only $3,308,307.45.

Had Crawford's recommendation been adopted for disposing of the excess of debt redeemable in 1826 and 1827, the amount redeemable in each year would have been the following:

Year	Amount
In 1825..	$7,654,570.93 at six per cent.
1826..	7,002,356.62 at six per cent.
1827..	7,001,437.63 at six per cent.
1828..	9,490,099.10 at six per cent.
1829..	6,000,000.00 proposed to be at five per cent.
1830..	6,000,000.00 proposed to be at five per cent.
1831..	6,018,901.59 proposed to be at five per cent.
In 1832..	$6,018,900.72, of which the sum of $1,018,900.72 was to be at five per cent., and $5,000,000 at 4½ per cent.
1833..	6,673,055.31 at 4½ per cent. except $18,901.59 at five per cent.
1834..	1,654,153.73 at 4½ per cent.
1835..	4,735,296.30 at five per cent.

This included all the public debt of the United States, except $7,000,000 of five-per-cent. stock, subscribed to the capital of the Bank of the United States, and $13,296,231.45 of three per cents., both of which were payable at the pleasure of the Government.

Congress adopted a measure, but not the one Crawford had proposed. An exchange of $12,000,000 was proposed—the sum that could not be redeemed in 1826. If an exchange could not be made, then a loan by the Government was to be effected. But, instead of fixing the rate of interest at five per cent., Congress cut the rate down to 4½ per cent. The consequence was that only $1,585,138.88 were exchanged, and none whatever was subscribed to the loan offered. The reason why the loan failed was the low rate of interest offered, coupled with the short period of redemption and the activity in commerce and manufactures demanding an increase of capital.

During Crawford's administration of eight years there was hopeful progress in reducing the debt. The first of January, 1817, the whole debt of the United States was $123,491,965.16; of which sum $115,257,805.48 were funded, bearing an average interest of 5.56½ per annum. The first of January, eight years afterward, the debt was reduced to $86,045,003.18, bearing an average interest of 5.23¼—a reduction of $37,446,961.98 of principal, and of 0.33¼ in the average rate of interest.

In the last year of Crawford's administration $5,000,000 were borrowed at 4½ per cent. to pay awards under the Florida treaty. The money was borrowed from the United

States Bank. A similar sum was borrowed from the bank to reimburse one of the war loans of 1812, which became due that year, amounting to $10,331,000. For the second loan proposals were asked. The amount offered, beside that of the bank, was $2,554,585.37, at rates varying between par and 4½ per cent. premium. The proposal of the bank was for the whole amount at par. Although the individual offers were far more favorable seemingly than the offer of the bank, yet considering that the Government was the proprietor of one-fifth of the capital, and that the sum thus offered would otherwise be unemployed, the offer of the bank was regarded as "decidedly the most advantageous for the Government, being equal to an individual offer at 4¾ per cent. premium."

When Rush succeeded Crawford in 1824 he desired authority to contract new loans at five per cent. interest, to pay the portions which could not be reimbursed of the loans of 1812 that were approaching maturity. But the Committee of Ways and Means, of which McLane was chairman, affirmed that the time was unfavorable for exchanging stock or procuring new loans on reasonable terms. Moreover, the secretary supposed that the existing six-per-cent. loans could not be partially paid—a view not sustained by the law authorizing them—which expressly reserved the right of paying the whole or any part of them whenever they became reimbursable. The opinion entertained by the committee was that by adopting the plan of partial payments and applying the surplus quarterly, in conformity with the sinking-fund law of 1817, the debt would be more speedily and economically reimbursed, and more equally and beneficially distributed through different years, better meeting the convenience of the Government, lessening the expenditure on account of interest, and effectually preventing the accumulation of money in the Treasury. Those portions of the debt therefore, which could not be paid when they matured were continued at the former rate of six per cent. The policy of Congress was wasteful, and without any justification whatever. Had a large portion of the war debt of 1812 been refunded, when Crawford desired, at five per cent. interest, at which rate the money could have been easily obtained, a considerable saving would have been effected.

When McLane made his report of the $38,857,238, due in the years 1825, '26 and '27, it was believed that one-third was held by Europeans; and the inquiry was raised, whether if this debt were discharged, the remitting of the portion due abroad might not ruinously sweep away the diminishing residue of our metallic money. The author who put forth this inquiry, "though a decided adversary to the existence of a great public debt," nevertheless believed that the nation could more judiciously employ its surplus in making internal improvements than in liquidating the National debt.

The redemption of the debt now proceeded rapidly and without interruption. The New Sinking-Fund Act went into regular operation in 1818, but during the next seven years, the whole sum required to be paid to the Commissioners, in order to comply fully with its terms, had not been paid within three million dollars. In the next four years, however, while Rush was at the head of the Treasury, this deficiency was paid, beside the regular annual payments of $10,000,000. Interest was always scrupulously paid when the quarter came around. It may be noted, too, that there was not always a sufficient amount of debt redeemable every year to apply the whole amount of the annual sinking fund. During the eleven years the act had been in operation from the first of January, 1817, $146,669,773.48 had been paid, of which $88,834,108.66 were for principal, and the remainder for interest.

The flourishing condition of the revenues and the prompt payment of the interest of the debt produced a marked effect on the price of the public stocks. They rose above par notwithstanding their early maturity. This fact operated directly to increase the value of the three per cents, and to create the belief that they, too, would be finally redeemed at par. The price of these rose to 85, nor were they easily purchased even at that figure. In 1829 the price was 87½, and the most of them were finally redeemed at their par value. Nine years proviously, Crawford had expressed the opinion that the sales of the Western lands were pledged for their reimbursement, and that at some period these should be applied for their redemption. In 1830 the Commissioners of the Sinking Fund were authorized to purchase the three per cents. at the best rates possible. Par was paid for nearly the whole amount. In 1832 the remainder was paid, amounting to $13,296,705.76, and leaving at the end of that year only $7,001,698.83 of funded debt. It may be questioned whether long before the Government, seeing its ability to discharge all its indebtedness, ought not to have given notice that it would ultimately pay the full amount of this portion of the debt. The money had been advanced in the beginning, and the Government had used it as profitably as any other funds, and was under an equally strong obligation to pay it. Had the bank shares been sold as the Secretary of the Treasury desired, the avails would have been more than sufficient to extinguish the entire debt. The Government, therefore, was really released from the burden of indebtedness. The bank shares had been paid, they yielded a rich return, far more than the interest on the small amount of debt remaining unpaid. With what pleasure did McLane in his report, at the close of 1832, remark, that "the debt may, therefore, be considered as substantially extinguished after the first of January next; which is earlier than was looked for under the most prosperous and economi-

cal administration of our affairs that could have been anticipated."

In October, 1834, notice was given by the Secretary of the Treasury that the whole of the debt unredeemed after the first of January would cease to bear interest, and would be promptly paid after that date. The duties of the Sinking-Fund Commission ceased, and the Secretary of the Treasury was intrusted with the power of paying the small amount of stock, with the interest thereon, whenever payment should be demanded. No act was passed abolishing the office of the Sinking-Fund Commissioners, but in 1836, the Secretary of the Treasury was required to pay over all the surplus in the Treasury above $5,000,000 to the Treasurers of the States. This requirement was a practical abolition of the duties of the Sinking-Fund Commissioners. Nor was there ever any legislation in respect to the disposition of the balance of the debt which might never be paid. The Secretary of the Treasury made some recommendations concerning it, but for many years no action was taken by Congress. The amount was very small.

Thus, as was said by Woodbury, the Secretary of the Treasury when the final extinction of the debt occurred, "the Government had redeemed, whether at home or abroad, the entire debt of both the revolution and the late war; paid the purchase money for Florida and Louisiana; and with a most scrupulous sense of moral as well as political obligation, administered in various ways to the wants, and atoned for many of the losses of those who had perilled life and fortune in the struggle for independence, in which the debt arose. Its redemption has been effected without imposing heavy burdens upon the people or leaving their treasury empty, trade languishing and industry paralyzed; but on the contrary, with almost every great interest of society flourishing, with taxes reduced, a surplus of money on hand, valuable stocks and extensive lands still owned by the Government, and with such various other financial resources at command, as to give to our country, in this respect, a very enviable superiority."

ALBERT S. BOLLES.

DECISION CONCERNING COLLATERALS FOR BANK CERTIFICATES.—A curious case in connection with one of the creditors of the Pacific National Bank of Boston has been decided by Comptroller Knox. A certain party had deposited with the Pacific bank collateral of the value of $125,000, for which he obtained the bank's certificate of deposit for $100,000, which latter by another transaction, he succeeded in turning into cash. This gentleman afterward asked the question whether, if he returned the bank's certificate, he could obtain his collaterals and thus extinguish his indebtedness to the bank. A difference of opinion as to whether he could do so or not having prevailed between the directors and the bank examiner, an appeal was made to Comptroller Knox, who telegraphed in reply that, if the certificate were tendered by the borrower the bank was bound to return his collaterals.

REDEEMABLE BANK NOTES.

If the limit to the possible circulation of bank notes was, that it must always be such as would be consistent at every given time with the equilibrium of money and prices between the country permitting the issue of the notes and other countries on the metallic standard, it would be a limit quite free from objection, because it would preserve as great a degree of steadiness in the volume of money and in prices as is possible with a metallic standard. But the real nature of the limit is, that it need be only such as is consistent with the maintenance in the long run of the equilibrium of money and prices between the country in which redeemable bank notes are issued and other countries on the metallic standard, and it admits of such expansions of the volume of bank notes as will cause large outflows of specie, followed by contractions which will cause corresponding inflows of specie. It is an inherent tendency of bank notes to expand, until an outflow of specie does occur, and the subsequent contraction is equally inevitable so long as the issues are governed by the determination to maintain their redeemability. And, hence, we see in countries under the bank-note *regime*, the most extreme alternation in the balances of the foreign merchandise trade, and in the movements of specie inwards and outwards, by which such balances are commonly adjusted.

Without multiplying instances of the effect, as a matter of fact, of changes in the balances of foreign trade, caused by expansions and contractions of bank notes, it will be sufficient to compare the foreign trade of this country for the three years ending June 30, in 1835-6-7, when the bank-note circulation averaged $8.56 *per capita*, with the three years ending June 30, in 1842-3-4, when the bank-note circulation averaged $3.89 *per capita*.

	Imports, less foreign merchandise re-exported.	*Exports of domestic merchandise.*		*Imports, less foreign merchandise re-exported.*	*Exports of domestic merchandise.*
1835	$122,007,974	$103,453,481	1842	$87,996,318	$91,799,242
1836	158,811,392	106,570,942	1843	37,294,129	77,686,354
1837	113,310,571	94,280,895	1844	96,390,548	99,531,774

During the first three years the aggregate adverse balance was $92,820,619, and the average annual adverse balance was $30,940,206. During the second three years the aggregate favorable balance was $47,346,565, and the average annual favorable balance was $15,782,188. During the year (1843) of the greatest contraction of bank notes and depression of prices, the net import of foreign merchandise

was less than a fourth of what it was in 1836, and the export of domestic merchandise was more than double the net import of foreign merchandise. It is almost difficult to conceive of the violence of the disturbance of the equilibrium of money and prices between this country and the countries with which we trade, both at the period of bank-note expansion (1835-6-7) and at the period of bank-note contraction (1842-3-4), and yet those disturbances were consistent with the maintenance of that equilibrium in the long run, which the continuous redeemability of bank notes requires.

Near the end of the chapter in the *Wealth of Nations*, in which the author treats of bank notes, will be found the following, which may suggest a partial solution of the amazing errors into which he fell on that subject:

The proportion between the value of gold and silver and that of goods of any other kind depends in all cases, not upon the nature and quantity of any particular paper money, but upon the richness or poverty of the mines, which happen at any particular time to supply the great market of the commercial world with those metals. It depends upon the proportion between the quantity of labor which is necessary to bring a certain quantity of gold and silver to market, and that which is necessary, in order to bring thither a certain quantity of any other sort of goods.

How we find him assuming that the value of gold and silver, used as a means of purchasing commodities, is determined, "*in all cases*," by the amount of labor necessary to bring those metals to market at the time of such use as a purchasing medium, as compared with the amount of labor necessary to bring to market the things purchased. On that view he concludes that it is impossible that the value of gold and silver can be affected by "*the nature and quantity of any particular paper money*." While he thus erroneously assigns to the precious metals a value depending solely upon the cost of production, he was nevertheless aware that the value of money depends upon its volume. In order, therefore, to maintain that redeemable bank notes do not reduce the value of money, he was obliged to maintain that they do not increase its volume, but merely supply the place of an equal quantity of previously current coins.

The value of gold and silver is really determined, as the value of everything else is determined, by the proportion between the supply and demand. The supply is the total stock, including the accumulations of ages, and is very little and very slowly affected by the current annual production, or by the current cost of production. The dominating element in the demand for them arises from their use as money, and it is thus true that the value of coins controls and fixes the value of the bullion which constitutes their material. And to whatever extent currencies kept at the metallic standard are enlarged in volume by paper, they

must be reduced in value, and from this reduction the coin part of such currencies cannot by any possibility escape.

Condy Raguet (*Currency and Banking*, 1839,) says:

So long as bank notes are convertible into coin on demand, they are liable to depreciation, or a fall in value, in common with the gold and silver for which they are interchangeable, from all the causes which we have shown capable of producing that effect upon a currency purely metallic. But, in addition to this, they are susceptible themselves of depreciation from excessive issues, *and in such event involve the metallic portion of the currency in the same depreciation.*

During the twenty years of controversy in Great Britain, which preceded Peel's Bank Act of 1844, the supporters of Adam Smith's doctrines in respect to redeemable bank notes invented only one new argument or theory in support of them. With that exception, they contented themselves with either quoting his exact language, or with setting out his ideas in new forms of words.

Persons who lack the time, or disposition, to read over any considerable portion of the books and pamphlets to which this controversy gave rise, will find a very fair and intelligible account of it in McLaren's *History of the Currency*, published at the beginning of 1858. McLaren was himself a supporter of Smith's opinions, but he seems disposed to report impartially what was said on both sides. On the side of the theory that redeemable bank notes cannot augment the volume of money, or (in any appreciable degree) increase prices, he reports the following views:

Page 285.—Mr. Tooke, Mr. Fullarton, and Mr. Wilson consider money as possessing intrinsic value as a commodity and exchanging with goods according to that value, and not merely in accordance with the number of pieces at the time.

Page 289.—Mr. Tooke and his friends say that, as a general principle, a currency of notes, convertible for gold, must always be of the same value, indeed of the same amount as a metallic currency, because the notes will be exchanged for gold immediately that they lose a part of their value. If the currency were affected by the issue of notes, it would probably, as here supposed, not be much increased, because the bullion would leave it as fast as the notes were issued.

Page 223.—As to the view that our whole currency may become redundant, as compared with that of other nations, Mr. Wilson says that the cost of the exportation of bullion is a mere trifle; that, in consequence, the exportation would begin immediately that our currency began to become redundant, and thus any perceptible rise of prices on that account would be prevented.

Page 213.—Mr. Fullarton, like Mr. Wilson, denies that over-issues of convertible bank notes are possible.

Page 289.—But, leaving the general case, they [Tooke and his friends] maintain that no issue of our notes can affect prices, as the notes are not for the same amount as the money of the country, nor capable of being used for the same purposes as the gold, by which all retail transactions are conducted, and prices, so far as they depend upon the currency, determined. There seems great force in

this argument; for if prices between the retail dealers and their customers are limited by the value of gold, how can they be maintained at a higher rate in the wholesale transactions, in which the retailers purchase their goods.

The modern upholders of the opinions of Adam Smith do not seem to have added anything to his arguments in support of them, except the suggestion that the wholesale prices of commodities depend upon the prices paid at retail, and that if bank notes are restricted, as in England, to denominations higher than such as are commonly used in retail transactions, they can have no effect upon retail prices, and therefore none upon wholesale prices.

If there is any force in this suggestion, it really tends quite as strongly to prove that English prices depend upon the English subsidiary silver coins, as that they depend upon the English gold sovereigns and half sovereigns. Vast numbers of Englishmen never handle either paper or gold, and a considerable portion of the English retail trade is carried on with silver shillings and other silver coins.

All the moneys used in England—gold, silver and paper—are of the same value. The differences between them are of denominations only, and have no relation to the diversity of the materials out of which they are manufactured. Englishmen meet with no difficulty in buying a five-shilling article with a five-pound note, or in making a fifty-pound purchase, or in paying a fifty-pound debt, with gold sovereigns. The interchangeability in use, in wholesale and retail transactions, of all the moneys, encounters no practical obstruction whatever.

But instead of its being true that retail prices govern wholesale prices, exactly the contrary is true, and the common understanding of mankind is that exactly the contrary ought to be true. Retailers themselves always justify their own prices as being as low as they can make them, consistently with the wholesale cost of the articles they deal in, with the addition of any reasonable retail profit.

It is, however, of no consequence, which class of prices controls, if either does control the other. The moneys in which goods are paid for, at either wholesale or retail, are kept at a parity of value in all countries which are tolerably well governed, and all descriptions of money are indifferently used more or less, and under no other limitations than those of convenience, in transactions of all kinds, large and small.

At the very beginning of this century, in 1802, in Thornton's *Inquiry into the Nature and Effects of the Paper Credit of Great Britain*, the error of Smith—that redeemable bank notes cannot increase and depreciate a metallic currency, was intelligently pointed out, as appears from the following account given by McLaren (page 90, of his *History*, &c.):

Mr. Thornton, in opposition to Dr. Smith, maintains that a cur-

rency of notes, convertible at will for gold, may be depreciated by too copious an issue below the value of a metallic currency, and that prices will be raised by such depreciation. It is, he maintains, this rise in prices, and not the filling of the channel of circulation, which turns the exchanges against us, and drives the gold out of the country. He says that it is not possible for the channel of the circulation to become too ,full, as stated by Dr. Smith, but that every increase of paper enhances the prices of goods of all kinds, which advanced price affords employment for a larger quantity of circulating medium; so that the circulation can never be over full.

Ricardo, who took a leading part in these discussions during the first quarter of the century, saw even more clearly than Thornton did, that while paper convertible into coin could never depreciate below coin, it was the combined mass of such paper and of coin which determined the quantity of the currency and thereby determined its value; that such paper might depreciate the whole currency, including the coins, and make it redundant as compared with the currency of other countries on the metallic basis; and that this redundancy must first manifest itself in an excess of prices, relatively to the prices of other countries on the metallic basis, before it would be corrected by an export of coin.

The merit of discovering a remedy for the mischiefs pointed out by Thornton and Ricardo is due to the next generation of British financial reasoners, who, during the middle of the century, forced the passage of the Bank Act of 1844, and sustained it against persistent assaults made after it was passed. The guidance of this crowning reform was in the firm hands of Lord Overstone, who, to great abilities, united an unshaken and somewhat imperious will. He and his coadjutors saw clearly, that to issue circulating paper is to create money; and that the tendency of redeemable bank notes to ruinous alternations of excess and deficiency is inherent and irremediable, so long as the amount to be issued is controlled, either by the arbitrary discretion of bankers, or by the wants of trade operating through any form of connection between the issue of paper and the ordinary and proper business of banking, such as loaning money, receiving deposits, and discounting notes. The plan which they devised and carried through was not a plan of reforming a system too completely rotten to be susceptible of reform, but to revolutionize it from the bottom, and to substitute a system under which all that part of the paper circulation intended to be convertible, or in respect to which there was any reasonable possibility of its conversion being demanded, should represent an equal amount of the metals, so that under all circumstances the total currency of coin and paper should fluctuate in volume only as an exclusively metallic currency would fluctuate.

OBSERVER.

THE HISTORY AND FUTURE OF INTEREST AND PROFIT.

We regret that our space will not allow the republication in full of a very able and interesting paper on the above topic, which first appeared in the *Fortnightly Review*, written by Mr. T. E. Cliffe Leslie, whose writings place him in the very foremost rank of living economic writers:

The question as to the tendency of profit to fall is not to be answered by reference to the particular case of Great Britain, still less its state at this moment. It involves a consideration of the general causes on which profit depends, and the conditions under which they will operate as ages advance and capital accumulates. Adam Smith thought that the mere growth of capital necessarily entailed a fall of profit. "When," in his words, "the stocks of many rich merchants are turned into the same trade, their mutual competition tends to lower profit; and when there is a like increase of stock in all the different trades carried on in the same society, the same competition must produce the same effect in them all." Were this reasoning correct, profit must inevitably decline in every prosperous country. But there is a flaw in the argument. When in a single trade alone the goods for sale increase, the competition of the sellers may force them to accept reduced prices and lower profits, because the general produce and revenue of the country may not have increased in proportion. But when capital and production take larger dimensions in all businesses alike, all producers have more to exchange, the general revenue is greater, and no class need get less for its goods in the market. It might even be that no increase of capital or production in any pre-existing employment would follow an augmentation of the total amount. A new trade was a rare thing in Adam Smith's days; now scores grow up every year, and new trades may both absorb much new capital and create new markets for the produce of old trades. If the growth of capital lower profit, it must be either by raising wages, or by forcing resort to inferior or more costly instruments of production.

A later theory of a tendency of profits to a minimum, is that an increased cost of subsistence follows the advance of population, so that, to obtain a sufficient supply of labor when capital is increasing, employers must raise wages and submit to a decrease of profit until a stationary state is reached at which the further increase of capital is arrested. This theory is defective in two opposite ways. On the one hand, it omits all but one of the causes tending to a depression of profit; on the other, it overlooks both counteracting agencies, and the possibility of a change in the fundamental conditions determining the movement of population. The soil in the first place is not the only natural agent whose productiveness diminishes. Mines of all kinds would be exhausted even by a stationary population, whereas the productiveness of agriculture would increase with agricultural skill, were the number of consumers to remain constant. The cost of land too rises for all purposes of production, and not in agriculture alone. Many employments again, besides agriculture, yield diminishing returns to successive

applications of capital, because the best places are taken by the first comers, and those who come later must work in worse situations. The first roads, canals and railways in a country are usually those, as M. LeRoy Beaulieu has observed, between the chief centers of population, wealth and business, and traverse the districts where traffic and movement are greatest; later lines of communication running through poorer and less populous localities. The best sites for docks, wharves, warehouses, shops, and other places of business are, for the most part, the first occupied. When any new and lucrative enterprise is started, or any invention or novel production is introduced, a crowd of competitors follow, and profits fall off. Nor is an increased cost of food the only cause tending to raise wages; it is not the cause that has raised them in England during the last twenty years. Facilities for migration, emigration and combination, together with greater intelligence, knowledge and self-respect on the part of the working classes, have produced the rise.

Yet there is another side to the subject. The rate of profit depends on the ratio of the gross returns to the total outgoings; on the cost and efficiency of all the instruments of production—not of labor alone. Given the entire produce of the capital, labor and natural resources of a country, in order to ascertain how much is profit, we should know not only how much falls to the share of human laborers, but also how much must be applied to the maintenance of fixed and circulating capital, including animals, seed, materials, fuel, machinery, buildings; how much too must be paid as rent for the use of natural agents; and how much is to be deducted in taxation and legal expenses, or what is the cost of protection and of the other advantages of Government. In a country whose natural resources are abundant and prolific, efficiently co-operating with capital and labor at small cost, and whose Government and legal system are inexpensive, both wages and profit may be high. If the soil and climate be favorable, mines of all kinds rich and easily worked, the structure of the country lending itself to cheap and rapid locomotion, taxes and law costs small, it is plain that the return to capital, alike in agriculture, manufactures and commerce, may give a large surplus in profit, although at the same time the reward of labor is abundant. And what the bounty of nature may effect may be effected by the art of man. Better machinery may be applied at once to the factory, the farm and the locomotive: while chemistry cheapens and improves the cultivation of the ground, it may do like service in every branch of manufacture. Less costly and more efficient means of heating and lighting every place of production and business may be discovered. The general rate of profit might thus be sustained by the progress of science, though population were advancing. No speculation respecting the economic future of the civilized world which does not take account of the inexhaustible resources of science, and of the progressive development of the human faculties for discovery and invention, has now much claim to attention. Labor, in the narrow sense, is not as political economists as well as "social democrats" have assumed, the sole cause of profit. There might be production and profit without the employment of a single human laborer, and profit in that case would be greater or less, according to the qualities of the other agents, and the manner in which they were used. A company in a new colony where hired labor was not to be had, might carry on a great business by the aid of animals, machines

and natural agents; the profit depending partly on the cost, partly on the powers of these animate and inanimate coadjutors. And the progress of industrial art constantly augments the number and efficiency, and diminishes the expense, of some of these auxiliaries. The fact that the best steam engines still waste the greater part of the fuel, is enough to show that the field for economic invention in mechanics is immense. Again, if it be true that the first railways are the best situated, and bring in the largest returns, it is true also that commerce and industrial movement have a constant tendency to spread, and to create markets and traffic where there had been stagnation. The tendency of many great enterprises, like the Suez Canal, is to become more remunerative, Fifty years ago, the farthest-seeing mind could not have formed a conception of the profitable occupations that steam would provide for fresh accumulations of capital, and steam is perhaps a feeble agent compared with some future sources of power. The facilities for the migration and emigration of labor may tend to raise wages at the expense of profit, but they are connected with causes which constantly enlarge the sphere for capital in the application of neglected or imperfectly developed resources, both in old and new regions. The overflow of British capital to foreign countries has two aspects. Mr. Mill has contemplated it as a sign of the fall of profit in old countries but it may be regarded also as an example of the tendency of social progress to find fresh fields of employment for their accumulations. Students of Mr. Herbert Spencer's works know moreover that there is reason to question the undiminished fecundity of the population of the civilized world, which the theory of a decline of profit assumes. Civilization makes constantly greater demands on the nervous system, enlarges the brain and multiplies its expenditure of physical power, thereby diminishing the quantity expendible on the increase of the race, while at the same time raising the standard of wants, and augmenting prudence. One and the same cause, the increase of cerebral force and activity, and therewith of science, foresight and adaptation of means to ends, tends to add to the industrial productiveness of the people of the West, and to slacken the growth of their numbers, although a different future may be before the people of the East. The time must indeed come, after countless ages, when the decline of solar and terrestrial heat shall arrest the mental advancement of the human race, and make the returns to capital and industry dwindle. But within economic, as distinguished from astronomical and geological periods, there seems no ground for concluding that in the more civilized parts of the globe man must press constantly closer and closer on the means of subsistence, and thrift and enterprise consequently obtain a decreasing reward. Were population stationary, it may perhaps be argued, the price of labor would rise to such a pitch from the accumulation of capital as to leave little or no profit. The answer is, that the accumulation would not take the form of wages, but of new mechanical and other agencies for aiding production, which would benefit the laborer as a consumer without raising the cost of his services. One remote difficulty indeed raises a formidable, and at present insoluble problem, namely, what is to be done for coal and iron when the mines become exhausted? Yet the men of a former age might have regarded the disappearance of forests, and the consequent rise in the cost of wood, with equal embarrassment. It is at least certain that the earth contains resources, now undreamt of, which science is sure to reveal; or,

rather, which the mind of man, the real cause of all wealth and profit, is sure to discover. Some of the chief sources of modern profit must ultimately fall short, but food is not likely to be among the number, because the number of human beings can be kept within bounds—as it is already in France and among the old American families in the States of New England—and substitutes for those which must fail may be in the womb of time. No certain conclusion respecting the future of profit can be reached, but the theory of its tendency to a minimum has no claim to the character of a law of social progress,' ignoring, as it does, some of the chief results of that progress, and its chief cause, the constant improvement of human faculties. Profit may uniformly fall from its first high level in new coun.ries like the Western States of America, yet may not continuously decline in old countries. The rate will probably vary from time to time in the future as it has done in the past.

If profit then be subject to no law of inevitable decline, can interest be so? It is almost needless to say that no inference can be drawn from its lower level in modern times than in the Middle Ages, since the medieval rate of profit was fixed, and interest bore a fixed proportion to it. Now profit is indeterminate and fluctuating; interest too fluctuates from causes independent of profit, affecting the loan market, such as the state of credit, the foreign exchanges, the movements of bullion actual or anticipated, the harvests, Government and foreign loans, and political events and prospects. The movement of interest in trade may consequently be different from, and even opposite, for the moment, to its movement in respect of other investments. The price of Government stock might be high, and interest on such securities falling, while the rate of discount showed that men of business were eager for loans, either because credit had been shaken, or because a shock to it or a scarcity of money was apprehended, or, on the other hand, 'because a speculative mania had arisen. Or again, people in trade might be slow to accept short loans on very favorable terms, because waiting for a turn in commercial affairs, while stable and permanent investments like the funds or land mortgages returned a high interest. Yet the main cause determining, throughout the whole field open to capital, the general tenor of the movement of interest, is the rate of commercial profit. Let new channels of trade offer bountiful returns for a series of years, and the savings of the country would flow into them, the price of consols would fall, and mortgages would pay dearly for loans. The main reason why the rate of interest has been constantly higher in the United States than in England is that the prolific natural resources of America have afforded a richer field for the employment of capital than was found in this island. The chief cause of the rise of interest in Holland is that Dutch capital has found in colonial undertakings, American investments, foreign commerce, and husbandry at home, more profitable employment than lay open to it a century ago. And the stationary state ultimately reached by the whole civilized world may possibly be that of a stationary population, whose savings are more productively employed than those of the present generation, and yield a higher interest.

So far the future of interest and profit has been considered with reference to economic conditions alone. But is it certain that economic conditions exclusively will henceforth control them? The policy of society in reference to both has been determined by various conceptions. Archaic notions and feelings founded on kin-

ship, Greek philosophy, Roman law, Christianity, Catholic theology, commercial ideas, the modern regard for individual liberty, political economy, have all played a part in their history. Other sources and modes of thought have yet to be reckoned with—democracy, the views of the working classes, German and French socialism, the subtler shapes of socialism, which ostensibly seek only to enlarge the intervention of the State in the economical sphere, and new conceptions of moral and social duty. The authority of the economic theory hitherto dominant with respect to individualism, competition, and non-interference, is visibly shaken even in England. The notion that all capital should belong to the State for the benefit of the working classes has many strenuous adherents in Germany and France, notwithstanding the wide distribution of property in those countries, but for which it would have already overcome all opposition. The favor with which Mr. Henry George's *Progress and Poverty* has been received in the United States makes a curious revelation of the tendencies of educated thought in a country where individual energy has worked under the most propitious conditions. Mr. George indeed proposes to confiscate land rent only without compensation, but rent in a vast number of cases is virtually a form of interest, being the return to an investment by purchase or outlay. Protection, again, is a revival of the medieval regulation by law or authority of trade, prices and profit; and the policy of most civilized countries is protective. In England, a generation ago, when at length Bentham's *Defence of Usury* had led to the abolition of a legal limit to interest, much more seemed to be swept away. The change apparently formed part of a wider and deeper change in social opinion and legislative policy, and belonged to a general movement of thought, emancipating human conduct from a multitude of ancient restraints in the name of morality or religion. Yet, little as people are dreaming of it at present, there are indications of a tendency on the part of English society to slide back to the medieval system of regulating contracts, bargains, pecuniary dealings, and prices, by authority. Fair wages, fair profits, and fair rents, are now objects more or less distinctly conceived by many who, ten years ago, regarded buying in the cheapest and selling in the dearest market as the sole rule in all questions of contract. No one perhaps in England at this moment thinks of controlling interest, yet propositions are now often put forward respecting wages and profit involving the regulation of both, and indirectly therefore of interest, which follows the movement of profit. Ten years ago no English statesman would have listened to a proposal to regulate rent in any part of the United Kingdom by statute or judicial decision. Yet the principle of the Act by which judicial rents are now introduced into Ireland is no other than that of the medieval law against usury, that the owner of property should not be permitted to take advantage of his neighbor's necessity, to extort a high price for the loan of it. The establishment of rings and corners, and of bulling and bearing, in English trade, might considerably alter public opinion with regard to the medieval laws against forestalling and engrossing. Democratic legislation will assuredly intervene in directions not in accordance with the doctrines that have commended themselves hitherto to the minds of great capitalists or landowners. Ideas of moral and social obligations too seem likely to play a greater part in the commercial sphere than they have ever done since Adam Smith based a complete economic code on the desire of every man to better his own condition, and some of these ideas may make light of that code.

HISTORY OF MINNESOTA REPUDIATION.

The recent compromise of the State with its long-neglected bondholders may create the desire among some of our readers to know what the bonds were issued for, and why the State has refused to pay them. The 26th of February, 1857, Congress authorized the inhabitants to form a Constitution and State Government, and to apply for admission into the Union. The next year a Constitution was adopted, Section 10, Article IX of which reads: "The credit of the State shall never be given or loaned in aid of any individual, association or corporation."

The 15th of April, 1858, twenty-six days before the State was admitted into the Union, an amendment was adopted, authorizing the Governor to issue, for the purpose of expediting the construction of railroad lines, the special bonds of the State, bearing an interest of seven per cent., to an aggregate amount of $5,000,000.

The Governor, perceiving the doubtful legality of issuing bonds under this provision, in view of the fact that Minnesota was not yet a State, was loth to issue them, but a writ of mandamus from the Supreme Court left him no further discretion. According to this law, $2,275,000 of the famous "Minnesota Railroad Bonds" were issued to four companies, which bound themselves, as a condition of the loan, to complete by January 1, 1866, a total of 768 miles of road, under pain of forfeiture of their land grants, assets and franchises. The banking law allowed these bonds to be received by the auditor as a basis for circulation, and some currency was issued upon them. Enormous discounts to contractors persuaded them to undertake a limited amount of construction. But the only guarantee given the public for the payment of principal or interest was the threat of confiscation against the roads. Local quarrels broke out and increased the general distrust. The bonds depreciated with unavoidable rapidity, until in May, 1860, bank stocks of this class were sold by the Auditor for seventeen cents on the dollar. The railroad companies had stopped construction: all except the Southern Minnesota defaulted the stipulated payment of interest; and the State took possession of their assets, including, in all, about 240 miles of graded road.

The 6th of November, 1860, a new amendment to the Constitution was adopted, containing these curiously inconsistent provisions; "No law levying a tax, or making other provision, for the payment of interest or principal of the bonds denominated 'Minnesota State Railroad Bonds' shall take effect or be in force until such law shall have been submitted to a vote of the people of the State, and adopted by a majority of the electors of the State voting upon the same. Nor shall there be any further issue of bonds, under what purports to be an amendment to Section 10, Article IX, of the Constitution, adopted April 15, 1858, which is hereby expunged from the Constitution, excepting and reserving to the State, nevertheless, all rights, remedies, and forfeitures accruing under said amendment." The first half of this, providing that any proposal for the settlement of the bonds must first be submitted to the people, has been the barrier against which every effort for the removal of disgrace has spent itself uselessly. But the latter half has,

in like manner, always been the confusion of the repudiators; for the State had a right to the property of the roads only as a forfeit for the unredeemed bonds. If the bonds were not valid, as has since been repeatedly claimed, the State had neither right nor title to their assets, which it has nevertheless persistently retained.

The holders of the bonds eagerly desired payment. But for several years following 1860, the people were too poor to pay. Wealth increased, but as a large proportion of the foreign population who had come into the State knew nothing of the issue of the bonds, and did not entertain very high sentiments of State honor, they would hear nothing of their payment. Four abortive efforts were made to pay these bonds. Of these four propositions, one, passed by the Legislature in 1867, was to create from the sales of public lands and the taxes paid by railroads, a sinking fund for the liquidation of the bonds; one, passed in 1871, provided for a commission to test their validity, and in case it was sustained, authorized the issue of new thirty-year bonds to take their place; and one, passed in 1878, devoted the proceeds of the internal improvement lands to their extinction; but all three were defeated by heavy majorities upon the popular vote which the amendment of 1860 made an imperative preliminary. The fourth proposal, passed in 1870, was the only one which the people ever approved. This required $2,000,000 of the bonds to be deposited before the first Wednesday in September with the Commissioner of the State Land Office, accompanied by a written contract on the part of the owners to purchase, at public auction, on that day, an amount of unimproved State lands equal in value to the face and unpaid interest on the bonds. It was obvious that the holders neither could nor would comply with such conditions in so short a time. The requisite number of bonds was not deposited by the specified date, and the act became null and void.

As these bonds will mature in 1883, prompt action now became necessary to avert an act of avowed repudiation. The bondholders offered again and again to submit the validity of their claims to the State courts, agreeing in advance to the destruction of the papers if an adverse decision should be reached; but they could not obtain even this concession. Finally, Mr. Chamberlain, the holder of the largest amount of these bonds, proposed to the Legislature of 1881 to deposit them with the State Auditor; to have their validity passed upon; and if they were decided to constitute a valid obligation, to accept fifty cents on the dollar in full payment of principal and interest. No such proposition was ever before made to a wealthy and solvent State by rightful creditors. The Legislature responded by passing, on March 1, 1881, after much discussion, the act for a bond tribunal. This empowered the Governor to appoint a tribunal of five judges, before whom the counsel for and against the payment of the bonds were to be heard. They were to decide if the bonds were valid, and also if the amendment of 1860, requiring every proposition for their payment to be submitted to a popular vote, was constitutional. If the bonds were declared invalid, they were to be destroyed. If not, then, providing the 1860 amendment was constitutional, the proposition of settling at fifty cents on the dollar was to be laid before the people at the next election; but provided the amendment was set aside, new bonds for thirty years, at five per cent., were to be immediately issued to the bondholders, for one-half the amount due them, and the old ones were to be cancelled. The proceeds of the 500,000 acres of State internal im-

provement lands were set aside for this purpose. The principal and accrued interest of the outstanding bonds amounts to about $7,000,000; and at the rate already realized for the lands the proceeds would nearly or quite pay the whole debt.

The court in September rendered a unanimous decision, which was given in the October number of this magazine. Briefly stated, the Court declared first, that the new tribunal was unconstitutional, because it involved the delegation of legislative powers to a judicial body; and second, that the amendment of 1860 was unconstitutional, because it tended to impair the obligation of contracts. With this, all provisions of the bill passed by the Legislature of course fell to the ground; but it also removed forever the fatal stumbling block of twenty years, which gave to a population largely composed of foreigners the right to decide whether the State should or should not pay its debts.

The bondholders then renewed their proposition. An extra session of the Legislature was called to consider it, and the Governor in his message to that body earnestly advocated paying the bonds. We have space only for the following extract:

"My individual preference is that every dollar of the debt represented by the Minnesota State railroad bonds should be paid in full, principal and interest. I believe that no course short of this is consistent with the honor and integrity of a sovereign State, so far as relates to its own voluntary action, but, inasmuch as the holders of the bonds have, upon their own motion, proposed an adjustment on more favorable terms, an opportunity is presented for discharging the whole debt by partial payment without any necessary compromise of good name. This offer by the bondholders and the resulting act of adjustment based thereupon I regard as essentially a contract. The holders of these obligations submitted a proposition which you accepted by the passage of an act reciting the same and providing means for its performance. The Supreme Court, while condemning the means thus provided, has reached the end proposed by rendering the decision upon which legislative settlement was conditioned, so that, while the compact remains binding on both parties its faithful performance is rendered more obligatory and the mode of its performance simplified by the action of our highest judicial authority. Under these circumstances the duty of the Legislature seems to me obvious and imperative. The reasons which induced the adjustment by the Legislature at the last session are reinforced by considerations of public policy and honor which cannot be mistaken. What was then constitutional, and to some extent a matter of doubt and experiment, now rests on the immutable basis of adjudicated law and justice."

A law has finally been enacted accepting substantially the proposition of the bondholders, so that now, after waiting twenty years, they will receive one-half of their honest dues. The original date of the bonds redeemed was 1857 and the amount $2,275,000. Of 2275 bonds issued, 2152 have been paid in the new adjustment bonds or cash. Of the remainder, fifteen have been in the State Treasury since the day the State received them as security for the circulation of its State banks, leaving 108 old bonds outstanding. They include all that are known to exist except about a half dozen. A Kansas man holds four, which he refuses to surrender, on the ground that the State should pay the principal and interest in full. Notice has been received of two or three others whose holders have just heard of the adjustment act. Perhaps others may turn

up, but it is probable the great majority have been lost or destroyed during the twenty-three years which have elapsed since their issue. For these 2152 old bonds received, the State has paid fifty per cent. of the sum of the principal and interest, amounting to $4,049,911.34, less $131,580.69, which was deducted from certain classes of bonds to pay claims against contractors. In addition to the amount paid bondholders and this class of claimants, $53,086.66 was paid to contractors to settle their claims against the old railroad companies.

CURRENT EVENTS AND COMMENTS.

STEEL MAKING AT BLOCK ISLAND.

The black sand of Block Island is being utilized, and an establishment has been erected at New Shoreham for converting it into ingots of hardened steel. The mineral ore is separated from the silicon by a magnetic apparatus. The one in operation consists of two immense horse-shoe magnets wound with insulated copper wire, surmounted by two iron rolls, twelve inches in diameter and twenty-four inches long, the extremities of the magnets being bored out, and acting as journals. These rolls revolve towards each other, and are magnetized by induction. This machine will clear 100 tons of sand in ten hours.

FREE WOOL.

The British Government has declared that nothing but absolute prohibition against a flood of cheap colonial wools into England would be effectual to protect the domestic wool growers in that country. . . . Those who criticise our tariff laws say that "wools and woolen" duties caused the decline in the price of wools and woolens after 1867. Instead of prohibition we have imposed a duty on such articles which has netted the country about $425,000,000 in revenue since 1867. Now if the duty has all the time made wool in this country cheaper than it would have been under free trade, who has paid the duty? and are American wools cheaper now than they would have been with a flood of colonial wools without a duty?—*Boston Commercial Bulletin.*

IRON AND STEEL INDUSTRY.

The growth of the iron and steel industry in the United States has been very remarkable. In 1810 we produced only 50,000 tons of iron, and our largest furnace could yield only 1,100 tons annually. But in 1830 the product was 165,000 tons; in 1860, 1,000,000 tons; in 1880 the iron and steel works of the United States produced 7,265,100 tons. The aggregate annual product of our manufacturing and mechanical industries is now more than $6,000,000,000. Of this vast product less than $200,000,000 are exported. And of the $900,000,000 produced by agriculture less than ten per cent. is exported. On the self-supporting power of the American people, and of the mutual relations existing between our industries, we can dwell as Americans with the most profound satisfaction. The receipts at the seaboard cities for exportation and consumption, including all kinds of grain, ground and unground, aggregated 352,921,452 bushels in 1879, and 369,559,607 in 1880. The whole eastern movement of Western grain, including shipments to interior points on the Atlantic slope, must somewhat exceed 400,000,000 bushels—not more than one-sixth of the total production of an abundant year.

RELATION OF PRICES TO THE VOLUME OF BUSINESS.

Col. Grosvenor, in *The Public* of January 5th, says: "Investigations show beyond dispute that the decline in business from 1875 to 1878 was *less* than the fall in prices, and that the increase in business since 1878 has been *greater* than the rise in prices. In other words, the volume of business, measured by quantities of products exchanged, has been generally increasing throughout the period under consideration, as well when business was bad, and resulted in general losses, as when it was good and yielded large profits. The decline of prices was such that $100 in 1875 would buy about as much as $81.68 in 1878. But the decrease in volume of business was from $100 to $84.90 outside of New York, and considerably less at this city, with or without deduction, on account of speculation in stocks. The advance in prices to November, 1881, was such that $100 in 1875 and $81.68 in 1878 would have bought as much as $103.76 in 1881. But the ratio of increase in the volume of business was such that for every $100 paid in 1875, there were paid outside of New York $147.29, and at New York $195.30, after deducting double the market value of stocks sold. If prices are compared after the methods usually employed, neither the decline nor the rise will appear as great as it really was, but the result will be the same—the increase in volume of business during the whole period or since 1878 will be found far greater than the advance in prices.

GERMAN GRAIN TRAFFIC.

During the last thirty years the German grain traffic has undergone a vast transformation. From having been a considerable exporter of wheat, rye and barley in 1848, and for many succeeding years, Germany has become a large importer of these cereals. Thus in 1880 the United States supplied Germany with thirty-nine per cent. of her importations of wheat, twenty per cent. of her importations of rye, twenty-two per cent. of her barley, nine per cent. of her oats and ninety-two per cent. of her corn. From these and other statistics the Congress of German agriculturists conclude that the future power of the United States agriculturally is so enormous as to render the struggle to preserve German agriculture one of life or death to the German people. The English farmer is confronted with a problem equally serious.

PATENTS IN TURKEY AND LIBERIA.

General patent laws have been lately passed and promulgated in Turkey and Liberia, in which countries inventors may now, for the first time, secure their new inventions. The Turkish patent law is substantially a copy of the French and German systems. Any person may take a patent on deposit of drawings and specifications. Longest term of the patent is fifteen years; annual tax, £4. The invention must be worked within two years from the date of the patent. The penalties for infringement and the proceedings are the same as in European countries. In Liberia the patentee must be the inventor, or must have lawfully acquired the invention from the inventor. Drawings and specifications must be furnished. The government fee is about £10 10s. The proceedings are much the same as in taking an American patent. The invention must be worked within three years after the grant of the patent.

USURY TAKEN BY NATIONAL BANKS.

UNITED STATES SUPREME COURT, DECEMBER 12, 1881.

National Bank of Gloversville v. *Johnson.*

A person who procures the discount by a National bank of promissory notes of others, held by him, he indorsing the same, at an unlawful rate of interest, may maintain an action to recover back from the bank twice the amount of such interest, under the provisions of the United States Revised Statutes, section 5198, giving the right to such an action, and this notwithstanding the transaction would not, under the law of the State where the bank is located, be usurious if between private persons.

In error to the Supreme Court of the State of New York. The action was brought by James H. Johnson to recover penalties for the taking of excessive interest. The opinion states the case.

MATTHEWS, J.

The original action was brought in the Supreme Court of the State of New York by the defendant in error to recover of the plaintiff in error, a National bank, penalties alleged to have been incurred by it under sections 5197 and 5198 of the Revised Statutes of the United States. These sections are as follows:

"SEC. 5197. Any association may take, receive, reserve and charge on any loan or discount made, or upon any note, bill of exchange, or other evidence of debt, interest at the rate allowed by the laws of the State, territory or district where the bank is located, and no more, except that where by the laws of any State a different rate is limited for banks of issue organized under State laws, the rate so limited shall be allowed for associations organized or existing in any such State under this title. When no rate is fixed by the laws of the State or territory or district, the bank may take, receive, reserve or charge a rate not exceeding seven per centum, and such interest may be taken in advance, reckoning the days for which the note, bill or other evidence of debt has to run. And the purchase, discount or sale of a *bona fide* bill of exchange, payable at another place than the place of such purchase, discount or sale, at not more than the current rate of exchange for sight drafts, in addition to the interest, shall not be considered as taking or receiving a greater rate of interest.

"SEC. 5198. The taking, receiving, reserving, or charging a rate of interest greater than is allowed by the preceding section, when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill or other evidence of debt carries with it, or which has been agreed to be paid thereon. In case the greater rate of interest has been paid, the person by whom it has been paid, or his legal representatives, may recover back, in an action in the nature of an action of debt, twice the amount of the interest thus paid from the association taking or receiving the same; provided such action is commenced within two years from the time the usurious transaction occurred. That suits, actions and proceedings against any association under this title may be had in any Circuit, District or Territorial Court of the United States, held within the district in which such association may be established, or in any State, county or municipal court in the county or city in which said association is located, having jurisdiction in similar cases."

The facts as stated in the record are undisputed. The defendant below, a National banking association, doing business at Gloversville, in the State of New York, from November 10, 1874, to February 7, 1876, discounted for the plaintiff commercial paper and promissory notes amounting to $ 158,003. All such discounts were made at a uniform rate of interest, being twelve per cent. per annum. The whole amount of interest paid thereon by the plaintiff below was $6,564.88, being an excess beyond the rate allowed by the general laws of the State of $2,735.36. This interest was knowingly charged and received

by the bank. The most of the paper discounted was business paper, that is negotiable promissory notes, held and owned by the plaintiff below, and on which he could have maintained actions against the prior parties. A small portion was accommodation paper, but not known by the bank to be such, and there was nothing upon its face to indicate that to be its character. All the paper discounted was paid to the bank at maturity or before the present action was brought. At the times when the notes were discounted they were indorsed by the plaintiff below, and the proceeds of the notes discounted were entered to his credit in his bank account.

Upon these facts judgment was rendered against the defendant below for $5,470.72, twice the amount of the interest in excess of seven per cent. per annum, to reverse which, this writ of error is prosecuted.

It is contended on behalf of the plaintiff in error that the sections of the Revised Statutes in question were intended only to prevent National banks from violating the usury laws of the State in which they were severally organized and established; and that while by the law of New York it is usurious to loan or advance money to a party upon his own paper, or upon paper made for his accommodation, at a greater rate of interest or discount than seven per cent. per annum, yet it is not usurious or illegal in that State for natural persons to acquire business paper, that is, paper valid in the hands of the holder, so that he might maintain an action thereon against the prior parties, at any rate of discount agreed upon between the parties to the negotiation, without limit in excess of seven per cent. per annum.

It is assigned for error that the Court of Appeals negatived this proposition.

The rate of interest upon the loan or forbearance of money, established and in force by the laws of New York, is seven per cent. per annum. Part II, ch. 4, tit. III, 3 R. S. N. Y. 72, § 1.

By section 5 of the same act it is provided that all bonds, bills, notes, assurances, conveyances, all other contracts or securities whatever (except bottomry and respondentia bonds and contracts), etc., whereupon or whereby there shall be reserved or taken or secured, or agreed to be reserved or taken, any greater sum or greater value for the loan or forbearance of money, etc., than is above prescribed, shall be void.

It is and long has been the law in New York, as decided in *Cram* v. *Hendricks*, 7 Wend. 569, that "the transfer by the payee of a valid available note, upon which when due he might have maintained an action against the maker, and which he parts with at a discount beyond the legal rate of interest, is not a usurious transaction, although the payee on such transfer indorses the note; and on non-payment by the maker, the indorsee may maintain an action against the indorser; but the sum which the indorsee in such case is entitled to recover of the indorser is the amount of the advance made by him, together with the interest thereon at the legal rate; while in an action against the maker, the indorsee is entitled to the whole amount of the note."

This proceeds upon the idea that the original note is founded upon a valid consideration, free from usury in its inception; and that the indorsement and delivery contain two contracts; one executed, which transferred the title, as upon a sale, as if indorsed without recourse; the other executory, upon which the indorser is liable to the indorsee, to pay upon the default of the maker, after demand and due notice thereof; although in the latter case it will be observed the recovery is limited by the New York decisions to the actual consideration paid, with lawful interest thereon.

The transaction is treated as a sale of the note, and no limits are fixed by law upon the price of the article sold; but so far as the liability of the vendor is concerned, in order to avoid the consequences of treating the advance money, which constituted the consideration, as a loan, it is limited to a return thereof, with lawful interest.

The question we have now to determine is whether, in transactions of this description, in which a National banking association is the transferee, the same view can be taken of the relations and rights of the parties, in the present case

the Court of Appeals having decided that the same rule does not apply. 74 N. Y. 329.

The very point had been previously raised and decided by that court in *Nash* v. *White's Bank of Buffalo*, 68 N. Y. 396, which was an action to recover penalties under the State law of 1870, in reference to banking institutions, for discounting paper at a greater rate of interest than seven per cent. per annum. The provisions of that act, being chapter 163, Laws of New York of 1870, correspond almost exactly with those of sections 5197, 5198 of Revised Statutes of the United States, now under consideration, it being the declared intent of the statute to place the banking associations of the State on an equality, in the particulars specified, with National banks, under the sections referred to. It was held that the fact that the paper discounted was business paper, purchased by the defendant, did not constitute a defense, for the question was not whether it was an illegal transaction under the general statutes against usury, but whether it was within the terms of the prohibition, which forbade banks from charging on any discount a rate greater than seven per cent. per annum.

And in *Atlantic State Bank of Brooklyn* v. *Savery*, 82 N. Y. 291, it was decided that the purchase of a promissory note for a sum less than its face, is a discount thereof within the meaning of the provision of the Banking Act of that State (§ 18, ch. 260, Laws of 1838), which authorizes associations organized under it to discount bills and notes. And in support of that definition of the terms. the court cites the authority of McLeod on Banking, 43, where the author says: "The difference between the price of the debt and the amount of the debt is called discount," and "to buy or purchase a debt is always in commerce termed to discount it."

In *Fleckner* v. *Bank of United States*, 8 Wheat. 350, Mr. Justice Story said: "Nothing can be clearer than that by the language of the commercial world and the settled practice of banks, a discount by a bank means *ex vi termini*, a deduction or drawback made upon its advances or loans of money, upon negotiable paper or other evidences of debt, payable at a future day, which are transferred to the bank," and added, that if the transaction could properly be called a sale, "it is a purchase by way of discount."

Discount, as we have seen, is the difference between the price and the amount of the debt, the evidence of which is transferred, and that difference represents interest charged, being at some rate, according to which the price paid, if invested until the maturity of the debt, will just produce its amount. And the advance therefore upon every note discounted, without reference to its character as business or accommodation paper, is properly denominated a loan, for interest is predicable only of loans, being the price paid for the use of money.

The specific power given to National banks, R. S, § 5, 136, is "to carry on the business of banking by discounting and negotiating promissory notes, drafts, bills of exchange and other evidences of debt." So that the discount of negotiable paper is the form according to which they are authorized to make their loans, and the terms "loans" and "discounts" are synonyms. It was so said in *Talmadge* v. *Pell*, 3 Seld. 328; and in *Niagara County Bank* v. *Baker*, 15 O. S. 68, the very point decided was that "to discount paper, as understood in the business of banking, is only a mode of loaning money with the right to take the interest allowed by law in advance."

But whether loans and discounts are identical, in the sense of section 5197, or not, is quite immaterial, for both are expressly made subject to the same rate of interest. And unquestionably the transfer of the notes, which forms the basis of this controversy, if not a loan, was a discount.

The contention of the plaintiff in error, that under this section whatever by the law of the State is lawful to natural persons, in acquiring title to negotiable paper by discount, is lawful for National banks, cannot be sustained, and derives no countenance, as is argued, from the decision in *Tiffany* v. *National Bank*, 18 Wall. 409. All that was said in that case related to loans and to the rate of interest that was allowed thereon; and it was held that where by the laws of a State in which a National bank was located one rate of interest was lawful for natural persons and a different one to State banks, the National bank was

authorized to charge on its loans the higher of the two. The sole particular in which National banks are placed on an equality with natural persons, is as to the *rate* of interest, and not as to the character of contracts they are authorized to make; and that rate thus ascertained is made applicable both to loans and discounts, if there be any difference between them. It is not intimated or implied that if in any State a natural person may discount paper, without regard to any rate of interest fixed by law, the same privilege is given to National banks. The privilege only extends to charging some rate of interest allowed to natural persons, which is fixed by the State law.

If it be said that the rate is allowed by the law of the State, when it permits the parties to reserve and receive whatever they may agree upon, then the section furnishes the conclusive answer that "when no rate is fixed by the laws of the State, etc., the bank may take, receive, reserve or charge a rate not exceeding seven *per centum*." So that the transaction in question, in either aspect, is within the prohibition of the statute, and subjects the bank to the penalties sued for.

The conclusion is confirmed by the provision which declares that "the purchase, discount or sale of a *bona fide* bill of exchange, payable at another place than the place of such purchase, discount or sale, at not more than the current rate of exchange for sight drafts in addition to the interest, shall not be considered as taking or receiving a greater rate of interest." Here the purchase, discount and sale of bills of exchange are classed as one, and subject to the same rule and rate of interest. In section 5198, the forbidden transaction for which the penalties are prescribed, is spoken of as usurious; but this reference is to the prohibitions of the preceding section, and not to the laws of the State.

In the present case the paper was transferred by an indorsement, imposing the ordinary liability upon the indorser. It may perhaps be distinguished from cases where the title to the paper is transferred by an indorsement without recourse, or by mere delivery. The advance in such cases, to the previous holder of the agreed consideration, can hardly be considered a loan, for the relation of debtor and creditor as between them is not created by the transaction, if made, as supposed, in good faith and not as a cover for usury. Whether it be a discount, within the meaning of the sections we have considered, and therefore subject to the same rule as to the rate of interest at which it may be discounted, which we have decided to be applicable to the transaction described in the present case; and if not, but is to be treated as a purchase of the paper, lawful at any proportion which the price paid bears to the amount ultimately payable by the parties to it, whether in that case National banks are authorized by the law of their organization to acquire title to it in that way, are questions which do not arise in this case, and upon which we express no opinion.

We find no error in the judgment, and it is accordingly affirmed.

LEGAL MISCELLANY

Interest on Stock.—Interest is not recoverable in any action against a stockholder to enforce his liability to creditors of the corporation for double the amount of his stock.—*Munger et al.* v. *Johnson*, Sup. Court of Illinois

Payment of Note.—Where a note is payable at a designated bank, a deposit therein of the amount due, on the day of payment, and leaving the amount with the bank, discharges the maker, though the bank afterwards fails.—*Lazier* v. *Horan*, Supreme Court of Iowa.

Alteration of Bank Note.—An alteration in the number of a note of the Bank of England is not such a sufficient and material alteration of the note as to enable the bank to refuse payment of the same to a *bona fide* purchaser for value without notice. *Suffell* v. *Bank of England*. English High Court of Justice, July, 1881.

LIABILITY WHERE DEPOSITOR MINGLES DEPOSIT BELONGING TO A COMPANY WITH HIS OWN.—The United States Supreme Court has recently rendered a decision involving the above question:

The case was that of *The Central National Bank of Baltimore* v. *The Connecticut Mutual Life Insurance Company*. The litigation grew out of a deposit of about $11,000, made in the bank above named by A. H. Dillon, Jr., General Agent of the Connecticut Mutual Life Insurance Company, and standing on the books of the bank in the name of Dillon, as agent. It appears that Dillon was in the habit of depositing to the credit of his agency account money belonging to him personally, as well as money collected for and belonging to the insurance company, and that he drew checks against his agency account for his personal use, as well as for the remittances which he made to the company whose agent he was. In 1873 the bank discounted for Dillon and his wife personally a note of $10,000, the proceeds of which Dillon used in certain business speculations. When this note fell due it was not paid, and the bank, on the 1st of June, 1874, charged it to Dillon's agency account. The insurance company maintained that the undrawn balance of the agency account—about $11,000—belonged to them, and that the bank had no right to satisfy out of their funds a note given by Dillon to raise money for his personal use. The company, therefore, brought suit to recover from the bank the amount of this undrawn balance of Dillon's agency account. The court below rendered a decree directing the bank to pay to the complainant, the Connecticut Mutual Life Insurance Company, the amount of the fund claimed, with interest. The bank thereupon appealed. This court holds that when against a bank account, designated as one kept by the depositor in a fiduciary capacity, the bank seeks to assert its lien as a banker for a personal obligation of the depositor, known to have been contracted for his private benefit, it (the bank) must be held as having notice that the fund represented by the account is not the individual property of the depositor if it is shown to consist in whole or in part of funds held by him in a trust relation. The court further holds that if money held by a person in a fiduciary capacity, though not as trustee, has been paid by him to his account at his banker's, the person for whom he holds the money can follow it and has a charge on the balance in the banker's hands, even though it is mixed with his (the depositor's) own moneys. Also, that the bank cannot be permitted to assert its own claim to the balance of an agency account as against the equity of the beneficial owner when the bank has notice, either actual or constructive, of such equity. The decree of the court below is therefore affirmed. Opinion by Justice Matthews.

NOTICE—TO DIRECTOR OF BANK—KNOWLEDGE OF AGENT BEFORE EMPLOYMENT.—A notice to a bank director or trustee, or knowledge obtained by him while not engaged either officially or as an agent or attorney in the business of the bank, is inoperative as a notice to the bank. A single trustee or director has no power to act for the institution that creates his office, except in conjunction with others. It is the board of directors only that can act. If the board of directors or trustees makes a director or any person its officer or agent to act for it, then such officer or agent has the same power to act, within the authority delegated to him, that the board itself has. His authority is in such case the authority of the board. Notice to such officer or agent or attorney, who is at the time acting for the corporation in the matter in question, and within the range of his authority or supervision, is notice to the corporation. Knowledge of an agent obtained prior to his employment as agent, and which he has no personal interest to conceal, will be an implied or imputed notice to the principal, when the knowledge is so fully in mind that it could not at the time have been forgotten, and relates to a matter so material to the transaction as to make it the agent's duty to communicate the fact to his principal. In such case the presumption that an agent will do what it is his duty to do, having no personal motive or interest to do the contrary, is so strong that the law does not allow it to be denied. *Fairfield Savings Bank* v. *Chase*. 72 Maine.

STATE FINANCIAL STATISTICS.

NEW YORK.

The operations of the financial department for the past fiscal year, and the general condition of the State Treasury on the 30th of September, 1881, are exhibited by the following detailed statement:

RECEIPTS AND PAYMENTS.

Aggregate balances in the Treasury of all the funds October 1, 1880.	$3,448,215 38
Aggregate receipts during the fiscal year ending September 30, 1881.	14,940,403 90
	$18,388,619 28
Deduct payments during the year	12,856,760 57
Balance in the Treasury September 30, 1881	$5,531,858 71
The amount of receipts into the Treasury on account of the General Fund Revenue, during the year ending September 30, 1881	$8,751,034 80
The payments	6,986,370 01
Apparent surplus, September 30, 1881	$1,764,664 79

SUPPLEMENTARY STATEMENT.

Balance due from County Treasurers, September 30, 1881, on State tax of 1880	$247,025 47
Add amount paid on account of 1881, appropriations, included in the tax levy payable into the State Treasury in April and May, 1882, of which $440,000 was for new Capitol	1,021,272 51
Add apparent surplus of the revenue, September 30, 1881, as shown in preceding statement	1,764,664 79
Total	$3,032,962 77
Deduct balances of 1880, appropriations unpaid and in force September 30, 1881	533,347 50
Actual surplus September 30, 1881	$2,499,615 27

DEBT.

On the 30th September, 1880, the total funded debt was $9,114,054.87, classified as follows:

General Fund (Indian annuities)	$122,694 87
Canal	8,988,360 00
Bounty	3,000 00
Total	$9,114,054 87

On the 30th September, 1881, the total funded debt was $9,109,054.87, classified as follows:

General Fund (Indian annuities)	$122,694 87
Canal	8,983,360 00
Bounty	3,000 00
Total	$9,109,054 87
A balance of $2,422,981.57 in the canal sinking fund leaves the amount of that debt, unprovided for September 30, 1881, at	6,560,378 43
The State debt on the 30th September, 1880, after deducting the unapplied balances of the sinking funds, amounted to	7,059,574 70
On the 30th September, 1881, including $122,694.87	6,683,073 30
Showing net contribution to sinking fund of	376,501 40
The actual reduction of the debt during the same period by cancellation, being	5,000 00

TAXATION.

The following table shows the assessed valuation of all property, the rate of taxation for State purposes, and the amount of tax of each year from 1859 to to 1881, both inclusive:

Year.	Aggregate equalized valuation.	Rate of State tax in mills on each dollar of valuation.	State tax levied, including school tax.
1859	$1,404,913,679	2 1-2	$3,512,284 26
1860	1,419,297,520	3 5-6	5,440,640 48
1861	1,441,767,430	3 7-8	5,586,848 79
1862	1,449,303,948	4 3-4	6,884,193 75
1863	1,454,454,817	5	7,272,274 08
1864	1,508,999,877	5 1-4	7,880,249 35
1865	1,550,879,685	4 53-80	7,230,976 53
1866	1,531,229,636	5 9-16	8,517,464 85
1867	1,664,107,725	7 3-5	12,647,218 71
1868	1,766,089,140	5 4-5	10,243,317 01
1869	1,860,120,770	5 5-8	10,463,179 33
1870	1,967,001,185	7 41-156	14,285,976 55
1871	2,052,537,898	5 79-120	11,613,943 51
1872	2,088,627,445	9 3-8	19,580,882 30
1873	2,129,626,386	6 95-100	14,800,903 38
1874	2,169,307,873	7 1-4	15,727,482 08
1875	2,367,780,102	6	14,206,680 61
1876	2,466,267,273	3 11-24	8,529,174 32
1877	2,755,740,318	3 1-6	8,726,511 01
1878	2,738,378,600	2 9-10	7,941,297 94
1879	2,686,139,133	2 863-1000	7,690,416 34
1880	2,637,869,238	3 1-2	9,232,542 33
1881	2,681,257,006	2 1-4	6,032,829 61

The gross valuation of taxable property in 1871 was	$2,052,537,898
The gross valuation in 1881 was	2,681,257,606
Increase in ten years	$628,719,708
Increase of valuation of 1881, compared with 1880	$43,388,368

The State tax for the current fiscal year is 2¼ mills, which is the lowest rate since 1856, and on the present valuation will yield $6,032,829.61. The reduction of the rate of taxation for State purposes to the above low figure is attributable to the revenue derived from the tax put upon the franchise or business of corporations by act, chapter 542 of 1880, as amended by chapter 361 of 1881, and to a judicious use of the veto power by Governor Cornell.

MASSACHUSETTS.

The debt of the State on January 1, 1882, was $32,399,464. The sinking fund has increased to $14,285,781. The expense of the administration of State affairs increased about half a million of dollars during the past year, and the estimates for the ensuing year are a quarter of a million in excess of last year. A tax of $1,000,000 will be required, and possibly $500,000 more.

The Governor in his annual message approved the proposition that savings banks be prohibited from investing more than one quarter of their deposits in National-bank stocks. He specially asks the Legislature to provide a method by which the right of the Troy and Greenfield Railroad Company to redeem the Hoosac Tunnel property may be exercised. He recommends that the State sell all its interest on the New York and New England Railroad, amounting to 34,750 shares of the stock, applying the proceeds to the sinking fund.

PENNSYLVANIA.

The bids for the new $10,000,000 State loan were opened January 4th in the presence of the Governor, Secretary of the Commonwealth, the State Treasurer and representatives of Drexel & Co., Townsend Whelen & Co., and Theodore Walton, all of whom had bid extensively. Of the loan Drexel & Co. will get about $6,300,000 thirty-year bonds at 4 per cent., at an average premium of 1.07. Townsend Whelen & Co., of Philadelphia, will receive about

$200,000 of the thirty-year loan at 4 per cent. and $825,000 at 3½ per cent. B. K. Jamison, of Philadelphia, will be awarded $600,000 at 3½ per cent., Gilpin & Co. $276,000 at 3½ per cent. and James T. Young, of Philadelphia, $600,000 at 3½ per cent. About $500,000 of the long bonds brought 4 per cent. and an average premium of 1.07, and $1,500,000 of the long bonds 3½ per cent. and an average premium of 1.02½. One million dollars of the short bonds were disposed of at 3½ per cent. and $1,500,000 at 4 per cent.

In the aggregate $20,000,000 were bid; over $6,500,000 were withdrawn. The premiums amount to about $400,000, much larger than the sinking-fund commissioners had anticipated.

NEW FINANCIAL BILLS.

Representative Buckner, of Missouri, who was Chairman of the House Banking and Currency Committee during the Forty-fifth and Forty-sixth Congresses, has introduced in the House two important financial bills. Mr. Buckner is one of the most conservative opponents of the National-banking system. He does not believe in abolishing the banks suddenly, but is opposed to renewing their charters, and in favor of gradually taking from them their circulating notes and substituting therefor redeemable non-legal-tender Treasury notes.

The first bill provides for the gradual retirement of the greenbacks and National-bank notes and the substitution therefor of Treasury notes.

The first section provides that after the passage of the act no National bank shall be organized, formed, or, in the case of old banks, be continued under the existing laws; and that no circulating notes shall be paid to any banking association, now organized or in existence, in addition to those outstanding, except in renewal of defaced, worn-out, and mutilated notes of associations already issued and outstanding.

The second section provides for the issue of Treasury notes to an amount not exceeding the aggregate of the present outstanding legal-tender circulation and of the National-bank-note circulation, in denominations of ten, twenty, fifty, one hundred, and one thousand dollars; and which shall be made payable on demand at the office of the Assistant Treasurer in the city of New York in standard gold or silver coin when presented in sums of not less than one hundred dollars. The Treasury notes are to be receivable by the United States for all taxes, customs, dues, demands, and claims of the United States, and to be received at par in all parts of the United States in payment for all salaries and other debts and demands owing by the United States to individuals, corporations, and associations within the United States, except where some other mode of payment is expressly provided by law or contract.

The third section provides the method by which the above substitution of Treasury notes for legal-tender notes shall be effected. Whenever the legal tenders are received into the Treasury and Assistant Treasuries, the Secretary is to be prohibited from paying out any of the notes thus received to any creditor of or claimant against the United States, but shall in all such cases pay out Treasury notes or standard gold or silver coin.

The fourth section provides the method by which the substitution of Treasury notes for National-bank notes shall be effected. Whenever the charter of a National bank shall expire, or is about to expire, or whenever any such bank shall by a vote of its shareholders, owning two-thirds of its stock, determine to go into liquidation and close its business as a National bank, and the bonds deposited by such bank to secure its circulation, or any part thereof, shall consist of the continued 3½ per cents., the Secretary of the Treasury is authorized to exchange Treasury notes for the bonds so held, at par and accrued interest, or he may exchange the notes for standard gold or silver coin, and redeem the bonds referred to with coin, and thereafter the circulating notes of the bank shall be redeemed at the Treasury of the United States, and when so redeemed they shall be canceled and destroyed. And any National bank whose circula-

tion is secured by bonds of the United States other than the continued 3½s, and whose charter is about to expire, or whose stockholders, by a vote of two-thirds thereof in amount, shall determine to go into liquidation, shall proceed as provided in Sections 5221, 5222, 5224, and 5225 Revised Statutes, by making a deposit of Treasury notes, or of standard gold or silver coin; and thereafter the notes of such bank shall be redeemed at the Treasury with Treasury notes or standard gold or silver coin, provided that it shall after the passage of the act increase its circulation: and provided that nothing in the act shall be construed to authorize any issue of Treasury notes in excess of the aggregate of the legal-tender notes and National-bank notes outstanding at the passage of the act.

The fifth section provides that the reserve required to be kept by National banks under Sections 5191 and 5192 Revised Statutes and the five-per-cent. redemption fund, shall be kept in Treasury notes or standard gold or silver coin. The section further provides that it shall be the duty of the Secretary to set apart and to hold as a fund for the redemption of the Treasury notes and the legal-tender notes twenty-five per cent. of the amount of such Treasury notes and legal tenders outstanding.

The sixth section provides that all taxes on bank checks shall be abolished, and that Section 5214 Revised Statutes, so far as it imposes taxes on the deposits and capital stock of banks, shall be repealed as to all bankers and banks not issuing circulating notes.

The second bill is one to provide for the issue of bullion certificates. It repeals certain existing laws regarding the issue of gold and silver certificates, and enacts this instead thereof. The Secretary of the Treasury is authorized to issue certain certificates on the deposit of gold and silver bullion, at the rate of 24 8-10 grains of standard gold, and 412½ grains of standard silver to the dollar, in denominations of $10, $20, $50, $100, $500, and $1,000. The certificates are to be redeemed in standard gold or silver coin, at the office of the Assistant Treasurer in New York, when presented in sums of $1,000; provided the gold and silver bullion deposited in the Treasury under the provisions of the act may be coined as if owned by the Government, and the proceeds of the coinage and the uncoined bullion shall be held as a fund for the redemption of coin certificates. It is further provided that, until the market value of silver bullion in New York shall be equal to its coinage value, not more than four millions and not less than two millions' worth of silver bullion shall, during any one month, be deposited in accordance with the provisions of the act; but that when the market value of bullion in New York shall equal its coin value, the deposit of silver bullion shall be free and unrestricted, and the standard silver dollar shall be coined under like conditions and on like terms with gold. The gold and silver certificates issued under the act are to be received for all public dues and are to be paid out to all officers and employes of the Government and in discharge of all debts of the United States, except where otherwise stipulated in contract.

The bill also provides that hereafter no gold pieces of less denomination than $5 shall be coined, nor shall there be issued any legal-tender notes or National-bank notes, or other paper currency of a denomination less than $10, and the Secretary of the Treasury is required to cancel and destroy all paper issues of denominations less than $10 as they are received in the Treasury, and in their stead to pay out an equal amount of notes of the denomination of $10 and upward, or in standard gold and silver coin.

Mint Value of Foreign Coins.—The annual estimate, by the Director of the Mint, of the values of foreign coins for 1882, makes only two changes from the values as shown in the Treasury circular of January 1, 1881. The Austrian florin and the Japanese yen are each reduced one mill. The gourde, the monetary unit of Hayti, is added to the list of foreign coins, and its valuation placed at 96.5 cents.

CONDITION OF THE STATE BANKS OF NEW YORK.

Superintendent Hepburn of the Bank Department of the State of New York, reports that at the close of the last fiscal year. Sept. 30, 1881, seventy-two banks of discount and deposit, organized under the laws of this State, were engaged in active business. During the year the following-named banking associations were organized, viz.:

	Capital.
Mount Morris Bank, New York City	$100,000
Baldwin's Bank, Penn Yan	50,000
Merchants' Bank, Buffalo	300,000
St. Lawrence County Bank, Canton	50,000
Deposit and Cheque Bank, New York City	100,000
The Rondout Bank, Rondout	300,000

The four first-named banks are now in operation. The Deposit and Cheque Bank has not as yet opened for the transaction of business. The First National Bank of Rondout on the 12th day of October, 1880, changed from the National system to a State bank under the name of the Rondout Bank. On Oct. 18, 1880, the said bank changed back to the National system, resuming its former name. The object of this double change was to obtain a new charter under the National system, which would run for the ensuing twenty years, the original charter of the bank (for twenty years) being about to expire. During the year one banking association doing business in the City of New York reduced its capital from $412,500 to $200,000.

Following is a summary of the quarterly reports of all of the banks for the days nearest the close of the last two fiscal years:

RESOURCES.	*Condition Sept.* 18, 1880.	*Condition Sept.* 24, 1881.
Loans and discounts, less due from directors	$63,502,759	$74,745,135
Due from directors	2,676,500	3,034,151
Overdrafts	89,668	105,011
Due from trust companies. State, National and private banks and brokers	7,734,352	8,587,787
Real estate	2,235,232	2,038,633
Bonds and mortgages	335,192	385,725
Stocks and bonds	3,476,213	3,950,568
Specie	5,231,764	5,293,929
United States legal-tender notes and circulating notes of National banks	4,011,045	4,617,703
Cash items	10,056,225	10,082,059
Loss and expense account	218,523	345,549
Assets not included under either of the above heads	283,064	277,078
Add for cents	218	244
Total resources	$99,850,755	$113,463,572

LIABILITIES.	*Condition Sept.* 18, 1880.	*Condition Sept.* 24, 1881.
Capital	$18,738,200	$19,025,700
Surplus fund	4,856,539	5,095,147
Undivided profits	3,201,641	3,833,028
Circulation	37,553	33,926
Due depositors on demand	61,795,773	75,717,130
Due to trust companies, State, National and private banks and brokers	9,376,625	7,589,383
Due individuals and corporations other than banks and depositors	457,370	877,694
Due Treasurer of the State of New York	732,372	756,887
Amount due not included under either of the above heads	654,552	534,550
Add for cents	130	127
Total liabilities	$99,850,755	$113,463,572

There are four more banks in operation than at the date of the last report. The net increase in capital during the year is $287,500. Loans and discounts have increased $11,242,376, profits and surplus $869,995, and deposits $13,921,357. The total increase in assets for the year is $13,612,817. The total increase in assets during the past two years is $26,770,390. The marked increase in the volume of business and the aggregate amount of assets of the State banks and their increased number during the year not only attest their prosperity, but demonstrate the fact that banks organized under State authority have a future as prosperous and certain as National banks.

The number of institutions of this class is the same as at the date of my last report, viz., twelve; except the Manhattan Mortgage Company all are engaged in active business. Two new companies were chartered by the last Legislature, viz., the Buffalo Loan, Trust and Safe Deposit Company, and the Metropolitan Trust Company of New York, neither of which has as yet actively entered upon business, but are rapidly perfecting arrangements to do so. (The latter opened for business Dec. 1, 1881). The following summary shows the condition of the trust, loan and mortgage companies of the State:

RESOURCES.	*July* 1, 1881.		*July* 1, 1880.
Bonds and mortgages	$10,768,288 44	..	$11,718,377 78
Stock investments	17,183,935 40	..	16,625,270 99
Loaned on collaterals	72,700,659 88	..	43,279,592 72
Loaned on personal securities, including bills purchased	11,607,738 66	..	13,027,306 76
Real estate	5,110,198 65	..	4,195,335 39
Cash on deposit in banks or other moneyed institutions	6,342,434 08		5,641,982 18
Cash on hand	50,590 79	..	45,164 40
Suspended loans on real estate	859,923 47	..	928,614 03
Other assets	1,265,144 24	..	1,252,073 21
Total resources	$125,888,913 61	..	$96,713,717 46
LIABILITIES.	*July* 1, 1881.		*July* 1, 1880.
Capital stock paid in, in cash	$11,500,000 83	..	$11,351,875 83
Surplus fund	5,602,932 24	..	4,285,185 15
Undivided profits	2,357,559 52	..	2,367,292 37
Deposits in trust	61,321,484 16	..	42,501,114 71
General deposits	32,800,852 84	..	23,862,259 12
Debentures	4,638,050 00	..	3,306,050 00
Bonds outstanding	4,577,819 22	..	5,538,958 27
Other liabilities	2,518,358 23	..	2,714,031 38
Excess of assets over liabilities	571,856 57	..	786,950 63
Total liabilities	$125,888,913 61	..	$96,713,717 46
SUPPLEMENTARY.	*July* 1, 1881.		*July* 1, 1880.
Debts guaranteed and liability thereon	$4,316,450 00	..	$7,250,950 00
Interest, commissions and profits received during the six months ending	2,654,923 01	..	2,520,842 81
Interest paid and credited to depositors during same period	982,683 97	..	785,018 42
Expenses during same period	393,617 82	..	295,425 04
Dividends on capital stock declared during six months ending	547,000 00	..	438,075 00
Amount of deposits made by order of court during six months ending	3,546,123 87	..	2,309,089 06
Total amount of deposits on which interest is allowed at this date	90,051,656 47	..	64,752,916 39

These institutions seem to supply a want in the financial system of the State which, prior to their organization, was unsupplied. Nothing else could account for the exceptional prosperity attending them. While their number has remained the same, and their capital been increased less than $150,000, their assets during the past two years have increased $45,687,241.62. The Savings-bank report, to be submitted in February next, will show the condition of these institutions on Jan. 1, 1882, or six months later.

The number of corporations for the safe keeping and guaranteeing of personal property in operation is ten, two of which organized during the year, viz., the Lincoln Safe Deposit Company and the Grand Union Safe Deposit Company, both located in New York City.

The Building, Mutual Loan and Accumulating Fund Associations are required annually to report to this department "in such form" and by such officers as the Superintendent shall direct. While apparently trustworthy information induces the conviction that nearly 200 of these associations are in existence, only thirteen reports were received by the department last year. I have no authority to impose the expense of preparing and printing blank forms for reports upon these associations, and certainly I could not impose it upon the other institutions reporting to this department, hence no forms are prepared. The reports received are very imperfect, and afford but slight knowledge of their condition or business. The Superintendent was required by the act of 1875 to make biennial examinations. By an amendment in 1878 it was provided: "It shall be the duty of said Superintendent, on the request in writing, signed by not less than five of the stockholders of such corporations," to examine, &c.; thus it will be seen that while these associations are nominally under my supervision, I have no control over them whatever, not even to compel them to report. I therefore recommend that the law be so amended as to sever the relations of these associations to this department, and that they be required to publish annual reports as provided in the act of 1851, and also file the same in the Clerk's office of the respective counties where located. These associations are wholly local, affecting but a small radius, and the object of publicity will thus be better secured, and information afforded those interested in a much simpler and more satisfactory manner than under present law.

During the year there were no notes, issued by incorporated banks, bank associations, or individual bankers, received at the Bank Department for redemption or burning. The total circulation canceled during the year by expiration of the legal time for redemption was $26,371, of which amount $13,192 were notes issued by banking associations organized under the general banking laws, and $13,179 were unsecured notes issued by incorporated banks. The total circulation of State banks outstanding Sept. 30, 1881, was $348,089; at the close of the previous year it was $374,460. The circulation outstanding Sept. 30, 1881, was divided as follows, viz.: Secured, $52,269; unsecured, $295,820.

On Sept. 30, 1881, $1,126,267.43 of securities were held in trust by the Superintendent for banking associations, individual bankers and trust companies, and were divided as follows, viz.:

Bonds and mortgages..	$18,800.00	..	Cash	$29,167 43
United States stocks....	1,068,400.00	..		
New York State stocks.	9,900.00	..	Total..........	$1,126,267.43

The net decrease in securities during the year was $39,902.34. Of the securities deposited with the Superintendent, $70,000 is held as a guarantee of good faith on the part of banking associations and individual bankers; $61,612 is held as security for outstanding circulation, the time for the redemption of which has not expired; $900,378.98 is held for trust companies. The remaining $94,276.45 is held subject to the order of its owners—$60,000 being stocks released by the provisions of chapter 202 Laws of 1880, and $1,000 is the property of the Rondout Bank, which was converted into a National bank. The balance, $33,276.45, is a deposit for the redemption of circulating notes, the legal time for the redemption of which expired Jan. 28, 1876, and since that date has been subject to order of its owner.

The law, as it now stands, fixes no amount of capital as a requisite in the organization of an individual bank, neither is the amount left in the discretion of the Superintendent. Such banks have been formed with a capital of $5,000—the amount at the time of organization required to be deposited with the department—and could now be organized with a capital of only $1,000, that being the amount required to be deposited with the Superintendent as a guarantee of good faith. The desirability of giving publicity to banking transactions, and affording the public every information as to the institutions with which they deal, renders the organization of such banks desirable in

comparatively small places and with limited amount of capital. Still, I think the Legislature should prescribe some limits, or else place the matter wholly within the discretion of the Superintendent. All statutes relating to the organization of such banks are vague and indefinite. The policy of the Legislature in this regard should be embodied in a simple and explicit statute.

The remarkable increase in the number of private bankers and the volume of business transacted by them has attracted the attention of all financiers of late. A prominent financial journal is authority for the statement that the private banking interest in Canada has increased five-fold in the last five years, and adds that "from the wealth and character of the men engaged, the movement is no ephemeral one." The only statistics of the business of private banks in this State is that furnished by them in their reports to the United States Commissioner of Internal Revenue. They are required to report their capital employed and their average daily deposits like organized banks. I asked the Commissioner for statistics upon this subject, but for reasons satisfactory to himself he declined to give it. Competent persons estimate that the amount of capital employed by the private banking interest fully equals the amount invested in regular banks, both State and National. There is one primal cause for this, whatever other influences may be contributory, and that is the very onerous taxation imposed upon banks during war times and which subsequent legislation has refused to mitigate. True, these private banks are taxed like regular banks upon their *reported* capital and deposits. But they neither make nor publish verified quarterly reports of their condition, nor are they subject to examination. When money is offered them, instead of accepting it as a *deposit*, and issuing a certificate therefor, they receive it as a *loan* and give a demand note, and it does not appear in their daily balance of deposits. Instead of reporting capital at the amount they really employ, they report an insignificant amount or none at all, and excuse themselves on the ground that whatever money they put into the business appears in the daily balances and is taxed as deposits. The ways in which the law can be evaded are numerous—ingenuity always surpasses itself when attacking a tax law—and there is no system of reports or examinations, as in case of regular banks, to detect or deter.

The State has two duties which are imperative: First, to so adjust the tax laws that banks shall bear their proper share of taxation and only their proper share; and second, to give her banks the benefits they are entitled to from having regularly organized, by compelling private banks to advertise themselves as "private banks" and do business as such. They make no reports of the condition of their business, are not subject to examination, and are under no supervising authority whatever. They may possess all that is requisite to a safe banking business; they may *want* all that is requisite to a safe banking business. They should not be permitted to assume the credit that attaches to regularly organized banks, whose condition, verified, is published quarterly, where the bank is located and which are subject to this department. The State does not allow an "individual banker," organizing under the law, to assume a corporate name, and certainly no discrimination should be made against an organized bank and in favor of a private bank. Many of the private bankers at present conducting business under corporate titles have appropriated the name by which certain banking associations heretofore under the supervision of the Bank Superintendent were known. The State owes it to the institutions she has chartered, as well as to her citizens, to distinguish the institutions she has chartered and which have assumed public functions and public responsibilities, from a business carried on under a common law right and which is wholly private and secret. Private bankers should be forbidden to use corporate names, and required to add "private banker" or "private bankers" in their letter-heads, advertisements, and signs, so the public may at once know that they are not *incorporated* banks nor regularly organized *individual banks*. The public are entitled to know just the nature and character of the banks with which they are called upon to deal, and the Legislature should see to it that these institutions, in their dealings with the public, should state the *whole truth* with regard to themselves, to the end that no deception or injustice may be accomplished.

The general banking act of 1838 fixed the minimum capital of banking associations at $100,000, with a qualification that, with the consent of the Superintendent, in places of less than 6,000 inhabitants, associations with $50,000 capital might be formed. A subsequent amendment changed the limit of inhabitants to 30,000. The condition of affairs in 1838, when these limitations were fixed, has so materially changed that it seems to me a change in the law should follow. The extension of railroads into every section, the existence of telegraph offices in almost every hamlet, have vastly increased the business and commercial facilities of the State and brought every locality into direct and speedy communication with great business centers. Banking keeps even pace with commerce, and has responded to the demands of every active business center, however small. The correspondence of this department shows that in very many localities private banks have been established solely because the business did not warrant the investment of so large a capital as $50,000. I think the law should be so amended as to permit the organization of banking associations with a capital of $25,000 inplaces of less than 15,000 inhabitants. So long as the State permits the organization of individual banks with $5,000 capital and the existence of private banks with no capital at all, it certainly cannot be unsafe to adopt this modification. My experience in the department justifies the belief that such a modification would bring in under the State system many private banks now existing, and serve to strengthen and improve the banking system generally.

The commission to revise the laws relating to banks, banking, and trust companies, consisting of William Dowd, David C. Van Cott and Willis S. Paine, have nearly completed their labors. The revision will be given to the printer presently, and laid before you at the opening of the session. The act creating said commission, among other things, enacts that at the time of making their report "they shall suggest to the Legislature such omissions, contradictions, and other imperfections as may appear in the original text, with their recommendations for amendments, either by repeal or by supplementary or explanatory legislation, with their reasons for such recommendations." In view of this provision I do not deem it advisable to further traverse the present condition of the banking laws. Respectfully submitted.

SENATOR HAWLEY ON BANKING LEGISLATION.

The following remarks of Senator Hawley, relating to proposed changes in the National banking laws, together with his amendment of them, possess a special interest to those who are concerned in the National-bank system:

Originally, when a bank desired to retire its circulation and take up bonds, it was required to bring to the Treasury the bills it had issued. That was found to be next to an impossibility. Every man knows that the National-bank notes have now a free circulation all over the country; that they go whither they will. They have no tie bringing them back to the parent bank; they are good everywhere for all possible purposes; so that a bank sees but a small fraction of its own bills after they are once sent out; they fly all over the world; they do not come back like the birds of the field or the fishes of the sea to their place of birth.

It was found, I say, difficult to wind up the business of a bank in consequence of the original requirement. This fourth section was in the interest of banks that were closing up business as well as in the interest of those who desired to reduce their circulation. The Government was safe; it had its own legal-tender obligations to meet those bank bills whenever they should come in. It was more than safe; it had the use of that money in the interval. It was more than safe in another respect, because not all of those bills ever will come in; it has for a profit the difference between the legal-tender de-

posit and the bank bills issued; that is to say, the waste, for every lost bank bill is a profit to the Government. No wrong was done to anybody by section four of the Act of June 20, 1874, but the transaction of business was made more easy.

It is said that the convenience was abused, because it enabled a bank to come down here and in one day take out a large number of bonds, leaving a deposit for its bills, and go away to use the bonds for speculative purposes. It is said there was one bank, I believe, that brought down say, $500,000 of legal tenders and took out bonds, and repeated the operation twice in the year. I do not know that banks have not done so.

But it is also said that the privilege was abused again when the country was anticipating the passage of the three-per-cent. bill last year with what is known as the Carlisle amendment. A great outcry had been made before the public, and made here also, because a certain number of banks came in then, anticipating this restrictive, and what I call communistic, legislation, and they brought in their legal tenders so as to get out of the way of the coming Carlisle amendment. It has been said that it was a combination among banks that brought this about; that they were backed up by other banks, and they intended to bully Congress and the Executive, and depress the market.

To the latter point first. If the banks of New York City or of the United States desire to bring about anything in the nature of a crisis, a sudden depression, they have the means perfectly in their power at any second of the day or of the year, without resorting to a comparatively cumbersome process like this; nor is there anybody in the United States so thoroughly interested in preserving a perfectly equitable and undisturbed condition of business as these banks. Why? These National banks alone have out $95,000,000 of call loans, to say nothing of the loans on time. They can secure themselves more easily on call loans than they can on time loans, but suppose they desire to bring about a crisis in the market? Suppose it was their interest to be violent bulls and bears? They need only to call in, we will say, just $20,000,000 of that $95,000,000 of call loans, and that would throw the money market of the whole country into confusion.

There is nobody so timid and conservative in these matters as the great financial institutions. You know that capital is fearful of disturbance; it cannot bear violent reactions. Therefore it is worth while that there should be eliminated from the discussion any pretence that those banks desire to disturb the market and create a panic in the country. They simply followed an instinct of self-preservation in getting out of the way of the restrictive and exceedingly troublesome provision, the second proviso in the Carlisle amendment.

I shall not wait to discuss that; but it was the most monstrous and ridiculous provision I ever saw proposed for legislation, as I could demonstrate in time. It is gone and I am glad of it. It would have compelled the Secretary of the Treasury to put into the hands of a Receiver and into bankruptcy a bank that could not collect in thirty days its own bills, whereas the Divine Providence himself could not do it without recreating the destroyed bills. The bills of no considerable National bank can be collected short of several months without paying a smart premium.

I say I am in favor of section four of the Act of June 20, 1874. I was saying I did not believe that the power had been used to disturb the country wilfully and maliciously. One hundred and forty-one banks in twenty-four States in a very few days brought in their legal tenders to the extent of eighteen millions. One of these banks was the Third National Bank of New York, which redeemed at that time $840,000 of its bonds, and never has replaced them, and never entered into circulation again to that extent. It went nearly out of the business of circulation. It thought it could make more money otherwise, or it was afraid of the Carlisle legislation. That bank, I am told, is largely owned and controlled by Samuel J. Tilden. Can you charge him with having been in a Republican bank conspiracy to depress the securities of the country?

By the way, I should have mentioned that I wish to offer an amendment to prevent the possibility of such abuses as are said to have occurred under that

section. I would require that a bank desiring to deposit legal tenders against its circulation and take out its bonds should give thirty days' notice of its purpose. Then the market would foresee any possible effect; you could not have a crisis precipitated in an hour, as some of these gentlemen fear might be done. There is no objection to make this process reasonably slow and conservative by requiring them to give such notice, and requiring also, as I propose in my amendment, that not more than $5,000,000 shall be taken up and deposited in this way in any calendar month or in any thirty consecutive days. That would meet very largely, I think, the objection of the Senator from Missouri.

I am willing to admit, if you choose, that there is a possibility of a speculative abuse under section four, but it is essential to any sound system of free banking, if the word "free" has any sense in it whatever, and we are boasting of a system of free banking. The last proviso of the Senator's amendment would revive sections 5159 and 5160 of the Revised Statutes. By the discussion within the last half hour the effect of such a revival has been pretty clearly set forth.

Mr. Hill, of Georgia—I suggest to the Senator from Connecticut whether it would not be advisable before continuing the debate to have all the amendments printed.

Mr. Hawley—I will conclude very soon, but I think Senators will more easily understand my amendment, I flatter myself they may, if I accompany its presentation with a brief explanation. The Senator from Iowa (Mr. Allison) has shown what the effect would be of the revival of the sections just named. Banks hereafter organized would be obliged to deposit solely the new three-per-cent. bonds; they could put nothing else in. I do not say that there is anything in the nature of communistic legislation in that. While it may be unwise, the United States have a perfect right, feeling confidence in their ability to negotiate three-per-cent. bonds, to say that hereafter we will organize no National banks without using those bonds. If these clauses on being revived shall not be retroactive, the existing banks holding the old bonds are not required to replace them. There is no serious objection as a matter of right to requiring three per cents. in future organizations, but there is a very serious objection which the gentleman from Missouri will understand as I state it briefly. There will be no new banking except in sections of the country where capital is abundant and where the common, ordinary rate of interest in commercial transactions is low. Banks in his country, banks beyond a certain limit of the Alleghanies, or something like that, would never be organized further—not a National bank. The effect of this legislation, like a great many other things said and done in the Congress of the United States, would be in aid of the destruction of the best and most beneficent system of banking the world ever saw—acknowledged to be such.

The following is the amendment offered by Senator Hawley:

"That any National-banking association now organized, or hereafter organized, desiring to withdraw its circulating notes, upon a deposit of lawful money with the Treasurer of the United States, as provided in section four of the act of June 20, 1874, entitled 'An Act fixing the amount of United States notes, providing for a redistribution of National-bank currency, and for other purposes,' shall be required to give thirty days' notice to the Comptroller of the Currency of its intention to deposit lawful money and withdraw its circulating notes: *Provided*, That not more than $5,000,000 of lawful money shall be deposited during any calendar month for this purpose: *And provided further*, That the provisions of this section shall not apply to bonds called for redemption by the Secretary of the Treasury."

Remittances of Mutilated Coin.—No remittances of mutilated coin of less amount than $100 will hereafter be purchased at the Philadelphia Mint, and on such deposits there is a melting charge of $1. The United States Treasurer will accordingly return to the lenders all smaller amounts remitted to him.

INQUIRIES OF CORRESPONDENTS.

Addressed to the Editor of the Banker's Magazine.

I. Mingling Deposits.

A B was a traveling salesman for C & Co. He opened an account with a bank in his own name, and generally deposited the whole of the firm's money in his own name, and remitted to them his individual check in payment. Some time ago he borrowed five hundred dollars of the bank giving a good indorser. The avails of the discount were credited to his account and were paid out on his check to C & Co. Afterward he died, owing his firm several hundred dollars in excess of his deposits, which at the time of his death amounted to $480.

When his note becomes due can the bank charge the amount on deposit to A B, and credit that amount on the note, and look to the indorser for the balance, or does the money belong to C & Co or to A B's estate, leaving the bank, C & Co, and other creditors in the same situation?

Reply.—Our opinion is that the money belongs to C & Co. In the very recent case of *Central Nat. Bank of Baltimore* v. *Conn. Mutual Life Ins. Co.*, decided by the U. S. Supreme Court last November, this question was elaborately discussed by Matthews, J. "The relation between the bank and its depositor," he says, "is that merely of debtor and creditor, and the balance due on the account is only a debt, yet the question is always open, to whom in equity does it beneficially belong? If the money deposited belonged to a third person, and was held by the depositor in a fiduciary capacity, its character is not changed by being placed to his credit in his bank account." Likewise Lord Justice Knight Bruce in *Pennell* v. *Deffell*, 4 De G., McN. & G. 388, has remarked that "when a trustee pays trust money into a bank to his credit, the account being a simple account with himself, not marked or distinguished in any other manner, the debt thus constituted from the bank to him is one which, as long as it remains due, belongs specifically to the trust as much and as effectually as the money so paid would have done, had it specifically been placed by the trustee in a particular repository and so remained."

The subject has been considered by that great master of equity, Sir Geo. Jessel, in *Knatchbull* v. *Hallet*, Law Rep., 13 Ch. Div. 696, so lately as 1880. In that case it was decided that if money held by a person in a fiduciary character, though not as a trustee, is paid by him to his account at his bankers, the person for whom he held the money can follow it, and has a charge on the balance in the banker's hands. It was further decided in such a case that if the depositor mingles the deposit with his own money, and afterwards draws out sums by checks in the ordinary manner, that the money drawn out was his own and not the trust money.

We have space to refer to only one other case, that of *Van Alen* v. *The American National Bank*, 52 N. Y. 1. The court there decided that when an

agent deposits in a bank to his own account the proceeds of property sold by him, for his principal, under instructions thus to keep it, a trust is impressed upon the deposit in favor of the principal, and his right thereto is not affected by the fact, that the agent, instead of depositing the identical moneys received by him on account of his principal, substitutes other moneys therefor. In delivering the opinion of the court, Church, Ch. J., alluded to a point which it may be desirable not to omit in this connection, namely, notice to the bank of the fiduciary nature of the deposit. "It was suggested on the argument that notice to the bank by the depositor was necessary to protect the rights of the plaintiff, but this is not so. The title of the plaintiff does not depend upon whether the bank knew he had a title or not. That rested on other facts. A notice to the bank might have prevented any transfer or the creation of a lien by the depositor, or prevented the bank from taking or acquiring such lien in good faith, but could not otherwise be necessary or important."

This principle, too, applies just as clearly to money as to other property, although some of the earlier English cases drew a distinction, and held that money was not ear-marked. This distinction was effectually set aside by Sir George Jessel in re *Hallett's Estate*, to which we have referred. And the principle covers all cases of fiduciary deposits. See especially the case last cited.

If the money belongs to C. & Co. there are no other questions to answer. We may remark, however, that in respect to the lien of bankers on the money of depositors, there is a very interesting case, covering the most important points, *Fourth National Bank* v. *City National Bank*, 87 Ill. 398.

II. Blank Indorsement.

A check is made payable to A, or order, who indorses it in blank and pays it away to B, who also indorses it in blank. Is B at liberty, at any time thereafter, to cancel his own indorsement and treat the check as payable to bearer, and would a bank pay it to bearer if the teller recognized A's signature?

Reply.—Lord Mansfield said in *Peacock* v. *Rhodes*, 2 Doug. 633: "I see no difference between a note indorsed in blank and one payable to bearer. They both go by delivery, and possession proves property in both cases." This has ever since been regarded the law in England and America, and applies with equal force to bank checks. The check in question, therefore, was payable to bearer after A's indorsement. B's subsequent indorsement in blank did not change its nature. He could, however, if he desired, erase his indorsement. When a note is indorsed in blank by several indorsers, the holder may strike them all out except the first, or deduce his title through them all, if he prefers. The cases in support of this familiar principle are collected by Abbott, *U. S. Dig.*, Tit. Bills and Notes, 1123.

When presented for payment the bank doubtless would require the check-holder to indorse it, as is the usual custom, merely to indicate that he had received the money. Such an indorsement could not be strictly required before paying the money; nor would it be as the books say, *animo indorsandi*, but for the purpose of showing payment to the holder of the check. See *Morse on Banking*, p. 306, 2d ed.

III. Days of Grace.

No. — Norwalk, Ct., Dec. 20, 1881.

Connecticut National Bank.

Payable twenty days after date.

Pay to the order of Jno. Smith one hundred dollars.

$100. Richard Roe.

Is this instrument entitled to grace?

Reply.—If it is a check then it is not entitled to grace; but if it is not a check then the instrument is entitled to grace. The statute governing the matter is explicit. "No days of grace shall be allowed on any promissory note, bill of exchange, or order, payable in this State, at sight or on demand, or upon any bank check, unless expressly provided for therein." *Gen. Stat.*, Tit. 18, Sec. 3, p. 344.

Is this instrument then a check or a bill of exchange? The authorities are conflicting, but it is evident that the current is setting most strongly in the direction of holding such a paper as that in question to be a bill of exchange. One of the latest cases is the *Georgia National Bank* v. *Henderson*, 46 Ga. 487. The same case may be found in 39 Ga. 361. The instrument in that case, leaving out the place and date, read as follows: "Georgia National Bank, Atlanta, Georgia. Ninety days after date, pay to F. R. Bell, or order, one thousand dollars. Signed, &c." The last time the case was before them the court said, "There is no doubt but that authorities may be found, and some of them of high character, in which such a paper as this has been held to be a bank check. But the current of decisions appears to be that if the element of *credit* enters into the paper it is not a bank check, and that the mere making of the paper payable at a future day, being of itself an element of credit, makes it a bill of exchange, and not a bank check."

The opinion here expressed is the more general one. See *Minturn* v. *Fisher*, 4 Cal. 36; *Morrison* v. *Bailey*, 5 Ohio St. 13; *Andrew* v. *Blockley*, 11 ibid 89: *Ivory* v. *Bank of the State*, 36 Mo. 475; *Dan.* on *Neg. Ins.*, §§ 1573, 1574; *Parsons* on *Notes and Bills*, 68, 69.

In *Bowen* v. *Newell*, 8 N. Y. 190, it was held that the distinction between a bill and a check is, that the former is not payable on demand, while the latter is. In view of all these authorities, as the instrument described was to be paid at a subsequent day, it must be regarded as a bill of exchange, and, therefore, under the law of Connecticut, entitled to grace.

IV. Protest.

In case payment is refused for any reason on a check, sight draft or other paper, *payable at sight*, and it is not protested on the day presented for payment, would a subsequent protest legally hold the indorsers?

Reply.—The foregoing inquiry comes from Colorado where the Legislature has declared that drafts payable at sight, and checks for funds, deposited in bank or elsewhere, are not entitled to grace. *Gen. Laws*, 101 Sec. 14, p. 113.

The general rule in respect to giving notice, laid down in the case of the *Bank of Utica* v. *Smith*, 18 Johns., 230, is, that the holder of a note or bill is not required to give the earliest possible notice of its dishonor, but must exercise only an ordinary and reasonable diligence. See also *Mead* v. *Engs*, 5 Cow. 303; *Bank of U. S.* v. *Davis*, 2 Hill 451.

But Parsons maintains that the period in which the holder can give notice is so definitely limited and fixed that this phrase, "a reasonable time," is al-

together too loose and general to convey a correct idea of the requirement of the law. 1 *Notes and Bills*, 507. And Daniel entertains the same view. 2 *Dan. on Neg. Inst.*, § 1035. Yet the latter author says "it is also certain that the holder is not obliged to give notice immediately on the very day of the dishonor, although he has the option to do so if he pleases; and in point of fact it is usual for the holder or notary to prepare and send notice forthwith after dishonor." Of course, where the time for giving notice is fixed by statute no question of the kind can arise. The additional remarks of Daniel, doubtless, express the correct view of the subject. "It is difficult to express a precise rule which will apply to all cases, and to fix definitely within what time after the day of dishonor the notice must be sent; and it is to be determined by reference to the residence of the parties, the means and frequency of communication, and the time of departure of the mails or other conveyance by which notice may be transmitted." § 1037.

V. Taxation of Private Bankers.

We have received the following communication, which will be of special interest to private bankers:

On October 8, 1881, the Commissioner of Internal Revenue issued a circular on the "Liability of Banks and Bankers to tax on Deposits and Capital," in which he states that the "undivided surplus profits of an incorporated bank are not liable to taxation as capital nor as deposits;" also, that "surplus profits, when determined, apportioned and carried to the credit of the several members of a banking firm as an additional amount invested by them in their banking business, or, without being apportioned, suffered to remain for the purpose of being regularly employed in such business, should be returned for taxation as a part of the capital of the banking firm."

It would thus appear to be the intention of the Commissioner to discriminate against private banking institutions in favor of incorporated banks.

It has been the custom among many incorporated banks to determine and carry to the credit of *surplus account* any profits not paid out as dividends until this surplus in some cases has exceeded the original capital. I think there is one instance where the surplus is more than ten times greater than the capital of the bank. Is not the *surplus* of any incorporated bank thus determined and carried to the credit of an account known as the surplus account, precisely the *same* thing as the surplus "carried" to the credit of several members of a banking firm as an additional amount invested by them in the banking business? If so, where is the justice in taxing one and not the other? Do you understand that the Commissioner is acting in strict accordance with the law, and that he has the undeniable right thus to discriminate?

Possibly the Commissioner is acting equitably under the guidance of a just law, but does his language indicate it?

Reply.—It would seem very clear that the Commissioner has discriminated against private bankers for some reason which he has not made known to the public. The surplus in the one case is evidently the same thing as that in the other. Both incorporated and private bankers accumulate it in transacting the same business and by similar methods, and employ it also in the same way. The Commissioner may thus discriminate because he thinks the incorporated banks are burdened enough already by the taxes imposed on their circulation, deposits and capital. But whatever may be his reasons they have no foundation in law. His instructions are imperfect, and whether they are in accordance with law or not, will be tested, so we are informed, as soon as possible in the courts. Of course instructions of some sort to the collectors were necessary, and the Commissioner is duly authorized to make them; but whether he has erred or not only the courts can decide.

BOOK NOTICES.

Money, Trade and Banking. By JOSEPH H. WALKER. Boston: Houghton, Mifflin & Co. 1882.

In this treatise of a hundred pages is packed a great deal of useful information concerning money, trade and banking. The author says, in his preface, that he has endeavored "to make plain what money, trade and banking really are, spending no time on theories, and claiming to do nothing more than to present existing facts with reasonable clearness, and free from all technicalities." The author may be assured that he has been very successful in his undertaking. With a few strokes of the pen he has clearly outlined the leading principles relating to money, trade, coin, capital, interest, banking and kindred topics, which he could not have done were he not a thorough master of these subjects.

Many things are to be found in this book that ought to be better known than they are. For example, he says on page 53: "The profit on banking will average no more, covering a period of years, than that on any of the other kinds of business requiring the same skill and judgment." . . . Again: "There is not a provision in the law intended to obstruct in the least honest and safe banking by any who desire to do it, or that gives the banking business any advantage whatever over any other business. Putting capital together to make a bank or trust company is in answer to a real or supposed demand for its use in that business, which is so promptly and fully complied with, and for the same reason that an additional factory is built, or an additional acre of ground is planted to wheat or corn." The final chapter contains a summary of the work, and also the views of the author with respect to several financial questions of great importance. This is the chapter, too, which is likely to give rise to more criticism than any other. The author is a stout opponent of the Sub-Treasury system; he favors its abolition, and the depositing of the public money in banks, on the pledge of ample security for its safe keeping. This volume will be especially useful to those who have not time to study elaborate treatises relating to finance.

The Elements of Economics. By HENRY DUNNING MACLEOD. In two vols. Vol. 1. D. Appleton & Co. 1881.

This indefatigable and learned author has ventured to launch the first volume of a new work on political economy, although two others are lying in an unfinished state—his *Dictionary of Political Economy and Principles of Economical Philosophy*. Macleod is best known by his work on *Banking*, which, in spite of several defects, is the best English work existing on that subject. It has gone through several editions and holds its place more firmly than ever, perhaps, in the economic literature of the period. The present work is historical, critical and constructive. It unites much historical learning with keen critical analysis and no little constructive power. To a considerable extent, the present volume is a reproduction of the author's *Principles of Economical Philosophy*, but, as the title indicates, the work possesses a more elementary nature, though

it contains, in truth, a very complete presentation of the subject so far as the author has gone in the volume before us.

Macleod has been an unsparing critic of Adam Smith, and those who have followed in the wake of his teachings. He declares, in his preface to the present volume that, "fully admitting the admirable services they have done in time past, their total want of scientific arrangement, their complete ignorance of practical business, their glaring inconsistencies and self-contradictions, and their incapacity to deal with those economic problems which are of the deepest practical importance at the present day, have produced a general revolt against them." Some, of course, will not admit that this assertion is wholly true, yet, for our part, we are quite inclined to agree with our author, though we are not so ready to assent to some of the principles which he has sought to establish. In the way of discovering the weakness of the orthodox system, Macleod has performed a conspicuous service.

In the present volume the author sets out with giving a very masterly sketch of the rise and history of economic science, continuing with a consideration of the fundamental conceptions of economics, and the theory of value, credit and banking. The second volume, completing this truly valuable work, will be awaited with interest.

International Trade, and the Relation Between Exports and Imports. By Sir JOHN B. PHEAR. London: Macmillan & Co. 1881.

This book is composed of a paper which was read before the Exmouth Liberal Association last July. The purpose of the book is to combat the protectionist heresy which has recently sprouted up in Great Britain. The author very forcibly presents the evils which would follow an abandonment of the present British policy. The argument, though rather more speculative than is usually the case in discussions of the kind, is clear and logical, and will command attention. We have not recently seen a better statement of the cardinal doctrine of the free-trade policy than the following which may be found on page seventy-six. "The maximum development and efficiency of the entire industrial system of any community is attained by each branch being left, as much as possible, free to find, and to make, the best of its own opportunities, and the fostering of any one industry by the establishment of protective duties on the imports which compete with it, necessarily works to the disadvantage of others, to such an extent as to materially diminish the effective productiveness of the whole system."

No More Free Rides on this Jackass; or, Protection Forever and Everywhere. By FRANK ROSEWATER, Cleveland, Ohio. 1882.

This is an effort to set forth the benefits of protection in an amusing and satirical manner, in which the powers of the artist also have been invoked. Some of the illustrations will produce a wrinkle in the face, while the argument will, doubtless, interest and instruct many who would not read a less sprightly written work on the subject.

Transfer of the Title to Real Estate. A lecture delivered before the West-Side Association of New York City by DWIGHT H. OLMSTEAD, President of the Association. New York, 1881.

This production contains a synopsis of the New Zealand Land-Transfer Act, which merits careful study.

The International Review, ROBERT P. PORTER and HENRY GANNETT. Editors, New York. February, 1882.

An attractive series of papers are presented in this number, but the mos noteworthy contribution to financial readers is that by Rafael A. Bayley, entitled "History of the National Loans of the United States." It is a very succinct and readable presentation of a subject which is invested with great importance and interest. The writer's position in the Treasury Department has well fitted him for preparing the paper which he has now given to the public. A capital diagram showing the increase and decrease of the public debt from 1791 to 1881 is added. By the aid of this one can learn much about the history of the public indebtedness at a glance.

A Review of the Currency Question, with Special Reference to the Fiat Money Doctrine; and the Substitution of Gold and Silver Certificates for the Present Paper Money Circulation. By T. W. BARTLEY, *American Register* Office. 1881.

This pamphlet originally appeared as two papers contributed to the *American Register*. They are worthy of the more permanent form now given to them. Among other topics considered is the fiat money doctrine, the fallacies of which are very clearly shown.

OBITUARY.

SAMUEL HEMINGWAY, President of the Second National Bank of New Haven, Conn., died on the last day of the old year, aged seventy-one years. He had been a director in the bank under its State charter, and in 1867, after the sudden death of the Hon. E. C. Scranton, who was the president, was chosen as his successor. He was at one time vice-president of the Shore Line Railroad, and an influential director in a large number of the most successful business corporations of the city. He served on the Board of Education for several terms, and many large trusts were committed to his care. All who were brought in contact with Mr. Hemingway were won by his kindly, genial spirit, his great integrity, and his clear judgment on business matters. He was generous and helpful to young men beginning business life, a friend who gave of his counsel, and aided liberally from his personal means.

DAVID P. NICHOLS, State Treasurer of Connecticut, died at Danbury in that State, on the second of January. He was born in Danbury in 1811. Receiving an academic education, he began a successful business career, which lasted thirty-three years He held many offices of trust, having been a director of the Danbury National Bank, the Danbury and Norwalk Railroad, the Norwalk Fire Insurance Company, and other corporations. For sixteen years he was a member of the Board of Trustees of the State Reform School. In 1860, 1865 and 1880 he was a member of the Connecticut House, having been elected by the Republican party, with which he has always been identified. While serving in the House he was an influential member, and won credit as chairman of the Railroad and Finance Committees. In 1869, 1870, 1871 and 1872, Mr. Nichols was State Treasurer under the administration of Governor Jewell. He was the first treasurer who required the banks to pay interest on State funds deposited with them. His administration of the office was straightforward and economical, and commended itself to every citizen of the State. In 1873 he was appointed as the special Bank Commissioner for the examination of all the Savings banks in the State, and in the fall of 1880 was again elected State Treasurer.

BANKING AND FINANCIAL ITEMS.

Another Call for Bonds.—The following is the text of the one hundred and seventh call for the redemption of bonds of the loans of July 17 and Aug. 5, 1861, continued at 3½ per cent. from July 1, 1881, issued this afternoon:

Treasury Department,
Washington, D. C., Jan. 12, 1882.

By virtue of the authority conferred by law upon the Secretary of the Treasury, notice is hereby given that the principal and accrued interest of the bonds hereinbelow designated, will be paid at the Treasury of the United States in the city of Washington, D. C., on the 13th day of March, 1882, and that the interest on said bonds will cease on that day, viz.: Registered bonds of the acts of July 17 and Aug. 5, 1861, continued during the pleasure of the Government under the terms of circular No. 42, dated April 11, 1881, to bear interest at the rate of 3½ per cent. per annum from July 1, 1881, as follows: $50, No. 1,851 to No. 1,950, both inclusive; $100, No. 13,001 to No. 13,700, both inclusive; $500, No. 9,601 to No. 10,000, both inclusive; $1,000, No. 47,001 to No. 48,900, both inclusive; $5,000, No. 16,001 to No. 16,150, both inclusive; $10,000, No. 30,101 to No. 32,550, both inclusive; total, $20,000,000. Many of the bonds originally included in the above numbers have been transferred and canceled, leaving outstanding the amount above stated.

Bonds forwarded for redemption should be addressed to the "Secretary of the Treasury, Loan Division, Washington, D. C.," and all the bonds called by this circular should be assigned to the "Secretary of the Treasury—For redemption." Where checks in payment are desired in favor of any one but the payee the bonds should be assigned to the "Secretary of the Treasury—For redemption for account of ——," (here insert the name of the person or persons to whose order the check should be made payable.)

Chas. J. Folger. *Secretary.*

Return Deposits,—The following circular, relative to the return of deposits for semi-annual duty, has been issued:

Treasury of the United States,
Washington, D. C., Dec. 22, 1881.

No change has been made in the regulations of the Treasurer of the United States prescribing the method to be followed by National banks in making returns of average deposits subject to semi-annual duty. The circular of the Commissioner of Internal Revenue, No. 241, dated October 8, 1881, applies only to banks other than National banks.

Signed, James Gilfillan, Treasurer U. S.

Redemption of Called Bonds held by National Banks.—Under the circular of the Treasurer of the United States of November 11th, 1881, published in the December number of the Banker's Magazine, National banks were prohibited from having their called bonds presented to the Secretary for payment, and depositing ninety per cent. thereof for the redemption of their circulating notes, the remaining ten per cent. being remitted to the owner of the bonds; but within the last few days, upon the request of the Secretary, the ruling has been so modified that the bonds are now carried by an employee of the Treasury to the Comptroller of the Currency to be countersigned and entered upon his books, and immediately thereafter presented to the Secretary for redemption—the whole transaction being accomplished in a few hours, while previously many days were required, which was accompanied with great expense and loss of interest to the banks.

Bergen Savings Bank.—The directors of the Bergen Savings Bank, of Jersey City, at a meeting on December 31, decided to go into voluntary liquidation. It was organized in 1870, and it has ever since been in successful operation. At present there are about 1,000 depositors, and the amount on deposit is $135,000. The reason for closing up business, the directors say, is because they cannot find any profitable investment for the money. They would, they said, have informed the depositors of their intention sooner, but they feared if they did so that they would rush to the bank and withdraw their money, thus losing the semi-annual interest due on January 1. The principal of the deposits will be paid at once, but the interest will not be paid until after February 1. The officers of the bank are Charles Seidler, President; Peter Henderson, Vice-President, and Alexander Bonnell, David Holden, Amadee Spadon, Hiram Sigler, William Frost, Hugh W. McKay, and George Gifford, Directors and Managers.

Prince Edward Island Bank.—At a general meeting of the directors and stockholders, on the 12th of January, the directors submitted a report showing a loss to the bank of $300,000; and Mr. Jack, of Halifax, at present investigating the affairs of the bank, produced an estimate of the bank's liabilities at $1,117,000, made up as follows:

Capital	$120,000	....	Due other banks...	$235,000
Notes in circulation...	265,000	....	Surplus	47,000
Due depositors	450,000	....		
Total				$1,117,000

The British and German Silver Movement.—At a meeting of bankers and merchants of London, Dec. 22d, a resolution was passed in favor of the formation of an association to consider the rehabilitation of silver. Henry H. Gibbs, one of the directors of the Bank of England, was chosen president of the council. More recently an association was formed in Berlin for the promotion of bi-metallic currency in Germany.

New Hampshire.—The failure of the Riley County Bank, Kansas, is reported to have involved both the Savings and National banks of Peterborough and the National banks of Jaffrey and Francestown, besides a number of individual investments. The loans of the Peterborough banks are secured by real estate and other securities, but the individual depositors have only the bank certificates. The Vice-President of the bank, Mr. Sawyer, is a resident of Peterborough.

Canada.—The directors of La Banque Jacques Cartier have been enabled to dispose of their coal-mining property in Cape Breton, in which a large portion of their funds has for sometime been locked up, for $250,000. The bank came into possession of this property as creditors of Mr. Duncan MacDonald, who had received large advances from the institution as contractor for building the Q. M. O. & O. R. The total claim of the bank was nearly $800,000, $500,000 of which they had already realized, so that by the above advantageous sale, they stand to lose only about $50,000 of the whole amount. The purchasers are the lessees who have been working the mine. The bank's stock advanced five per cent. upon the sale being announced.

The Freedman's Saving and Trust Company.—Comptroller Knox has submitted his report to Congress as Commissioner of the Freedmen's Saving and Trust Company. He took charge of the affairs of the bank March 7, 1881, and since then has realized $91,717.31 in cash out of the assets, of which sum $48,853.90 was from the sale of real estate, and $33,053.69 from rents of the bank building and other property. Under the first dividend of twenty per cent. declared November 1, 1875, payments were made to 887 depositors, the aggregate sum disbursed being $2,327.27; under the second dividend of ten per cent., declared March 20, 1878, 1,330 depositors received $3,413.79, and under the third dividend of ten per cent., declared September 1, 1880, 2,566 depositors received $13,154.65. Unclaimed dividend checks, amounting to $65,533.90, are on hand. If the bank building can be sold for $250,000, and the other property brings prices anywhere near its value, a further dividend of twenty per cent. can probably be realized for the creditors.

New Small Coins Proposed.—Col. A. Loudon Snowdon, Superintendent of the Mint, has recommended the adoption by Congress of a system which will establish a simple yet comprehensive plan, under which all minor coinage should be ranged. Col. Snowdon thinks there should be first, uniformity of alloy; second, due proportions of weight in each piece; third, uniformity of device; fourth, due proportions in the sizes of the coins. In an interview he says: "I would have the alloy seventy-five per cent. copper and twenty-five per cent. nickel. This is the best alloy ever used in a minor coinage. It does not oxidize, retains its color, and is clean and without unpleasant odor. It can be worked readily by the exercise of care and is difficult to counterfeit. Its intrinsic value brings it more nearly to the passing value of the coin than any other metal below gold and silver except aluminum, which presents so many difficulties to coinage, as to be, up to this time, practically out of the question. Next, I would have the five-cent piece weigh five grammes, the three-cent. three grammes, and the one-cent piece one and a half grammes, which is as small an amount of metal as can be practically operated upon in coinage." His plan is elaborate, and includes the designs for one, three, and five-cent pieces.

St. Louis Banks.—The following aggregate statement of the twenty-four banks in St. Louis on the 31st December, 1881, compared with statement of December 31st, 1880, has been compiled by Mr. E. Chase, Manager of the St. Louis Clearing-House:

	Dec. 31, 1881.		*Dec.* 31, 1880.
Capital and surplus	$11,696,063	....	$11,328,617
Savings and time deposits	7,863,391	....	7,238,582
Current deposits	35,479,737	....	30,366,547
Circulation	1,448,590	....	769,790
Liabilities	$56,487,781		$49,703,536
Bonds to secure circulation	1,610,000	....	860,000
Good loans and bonds	41,578,226	....	35,127,550
Cash, checks and exchange	5,990,551	....	6,689,053
Cash, coin and currency	6,276,348	....	5,899,634
Real estate and other assets	1,032,656	....	1,127,299
Assets	$56,487,781		$49,703,536

New Depository for Banks.—The Boston National banks have made the Boston Safe Deposit Vaults, on Milk Street, the depository for gold coin now used in settling the balances between banks. Comptroller Knox having given his opinion that such action was legal. It is proposed to issue for the gold what will practically be Clearing-House certificates, the Clearing House being the nominal custodian of the coin.

The American Exchange in Europe, whose chief office in this country is located in New York, has issued a new form of note for the benefit of travelers which is worth description These notes are secured by the deposit of the equivalent value of United States bonds, and bearing on their face a certificate to that effect by a well-known trust company. It is expected that these notes will be accepted in every corner of the globe as soon as they become thoroughly known, as equal in point of safety to the notes of the Bank of England, the Bank of France, or our National banks. They are also protected from forgery by being made payable to order, and accompanied by a passport letter of identification bearing the holder's signature and personal description. The company confidently believes that they will soon be regarded as the very ideal medium of circulation by all travelers, in point of absolute safety as well as universal convenience. A large number of banks and bankers have signified their willingness to co-operate in the movement by cashing the notes as soon as they shall be presented.

Georgia.—Bank Superintendent Hepburn has decided that the Savings banks of New York are restrained from investing in the bonds of Georgia because she repudiated a portion of her debt in 1877.

CHANGES OF PRESIDENT AND CASHIER.

(*Monthly List, continued from January No., page* 564.)

	Bank and Place.	*Elected.*	*In place of*
N. Y. CITY.	Bank of New York N. B. A.	Richard B. Ferris, *V. P.*	....
		E. S. Mason, *Cas*	R. B. Ferris.
		Charles Olney, *A. C.*	E. S. Mason.
ALA.	National Bank of Huntsville	J. R. Stevens, *Pr*	J. H. Mastin.
COL.	Bank of Alpine	J. E. McClure, *Pr.*	F. A. Raynolds.
		H. C. Bostwick, *Cas.*	J. C. Cross.
"	First National Bank, Denver	S. N. Wood, *Cas*	G. W. Kassler.
CONN	Nat'l B'k of New England, East Haddam.	Thomas Gross, Jr., *Pr*	W. H. Goodspeed.
		A. H. Dayton, *Cas*	T. Gross, Jr.
"	Second Nat'l B'k, New Haven.	Arthur D. Osborne, *Pr*	S. Hemingway.*
GA	Atlanta National Bank	James Swann, *Pr*	A. Austell.*
ILL.	Second National Bank, Aurora.	Alonzo George, *Pr*	D. Volintine.
		D. Volintine, *V. P.*	A. George.
"	First National Bank, Canton.	A. C. Babcock, *Pr*	D. W. Vittum.
		G. Barrere, *V. P.*	....
		Wm. Babcock, Jr., *Cas*	C. T. Heald.
		F. W. Hulit, *A. C.*	D. Beeson.
"	First National Bank, Elgin	Alfred Bosworth, *Cas*	M. C. Town.
"	First National Bank, Greenfield.	N. Dressor, *Pr*	A. McNeill.
IND	First National Bank, Columbus.	William J. Lucas, *Pr*	H. Griffith.
		Francis T. Crump, *V. P.*	W. J. Lucas.
"	First Nat'l B'k, Crown Point	John Brown, *Pr*	D. Turner.
		James H. Luther, *V. P.*	J. Brown.
"	Indiana National Bank, Indianapolis.	Volney T. Malott, *Pr*	W. Coughlen.
		William Coughlen, *V. P.*	....
		William E. Coffin, *Cas*	D. M. Taylor.
"	Merchants' National Bank, Indianapolis.	John P. Frenzel, *Pr*	V. T. Malott.
		Otto N. Frenzel, *Cas*	J. P. Frenzel.
"	First Nat'l B'k, Jeffersonville	Hiram E. Heaton, *Cas*	W. H. Fogg.
"	National Branch B'k, Madison.	Nathan Powell, *Pr*	....
"	Farmers' Bank, Mooresville	H. Satterwhite, *Pr*	C. Reeve.
"	Citizens' Bank, Noblesville	Rowland Estes, *Cas*	E. Shirts.
		C. R. Wilson, *A. C.*	R. Estes.
IOWA	Merchants' National Bank, Fort Dodge.	A. McBane, *Pr*	W. Vincent.
"	Mills County National B'k, Glenwood.	B. F. Buffington, *Pr*	J. V. Hinchman.
"	Keokuk National Bank	S. P. Pond, *Pr*	W. Patterson.
"	First Nat'l Bank, Maquoketa	T. E. Connell, *Pr*	P. Mitchell.
"	First National Bank, Marengo.	Lewis Haas, *Cas*	C. Baumer.
"	First Nat'l B'k, Marshalltown.	A. G. Glick, *Cas*	T. J. Fletcher.
KANSAS.	Carbondale Bank	James Dickinsheets, *Pr*	....
"	Marshall County Bank, Marysville.	H. G. Burrage, *Cas*	C. C. Sutherland.
KY.	First National B'k, Louisville	Jacob Peter, *Pr*	G. A. Lewis.
"	Covington City Nat'l B'k	W. M. M. Lee, *Pr*	....
ME.	Kenduskeag National Bank, Bangor.	George H. Hopkins, *Cas*	C. H. Hammatt.
MASS.	Atlas National Bank, Boston	John E. Wetherell, *Pr*	....
"	Central National Bank, "	Samuel Carr, Jr., *Pr*	C. J. Bishop.
"	Globe National Bank "	C. O. Billings, *Pr*	W. B. Stevens.
		Charles H. Cole, *Cas*	C. J. Sprague.
"	Nat'l B'k of Republic "	Avery Plumer, *Pr*	H. O. Briggs.*
		Henry D. Forbes, *Cas*	C. A. Vialle.
"	National Union Bank, "	George Whitney, *Pr*	C. L. Young.

*Deceased.

	Bank and Place.	*Elected.*	*In place of*
MASS...	National Bank of Cambridge, Cambridgeport.	Asa P. Morse, *Pr.*........	R. Douglass.
" ..	Lancaster National Bank......	H. C. Greeley, *Pr.*.......	G. W. Howe.
" ..	Second Nat'l B'k, Springfield..	H. C. Churchill, *Cas.*....	H. P. Piper.
" ..	Hampden Nat'l B'k, Westfield.	Reuben Noble, *Pr.*.......	E. B. Gillett.
MICH....	Second National Bank, East Saginaw.	J. F. Boynton, *V.P.*.....	....
		G. B. Morley, *Cas*.......	J. F. Boynton.
" ..	Mt. Clemens Savings Bank....	George A. Skinner, *Cas.*.	J. W. Porter.
MINN...	First Nat'l B'k, Faribault......	W. S. Morse, *A. C.*.....	....
" ..	Rochester National Bank, Rochester.	Henry M. Nowell, *Cas*...	T. H. Titus.
		Chas. N. Chadbourn, *A.C.*	....
" ..	Bank of Spring Valley	W. H. Strong, *Pr.*.......	J. C. Easton.
MISS....	Canton Bkg. & Ins. Co	Lewis W. Thompson, *Pr.*	C. Handy.
		E. L. Tarry, *Cas*........	....
MO....	Missouri City Savings Bank, Missouri City.	E. D. Bell, *Pr.*...........	H. J. Robertson.
		H. J. Robertson, *Cas.*....	E. D. Bell.
MONT ..	First National Bank, Fort Benton.	R. A. Luke, *Acting Cas.*.	....
N. H...	Somersworth National Bank, Great Falls.	Edward Hargraves, *Pr.*..	O. H. Lord.
		H. C. Gilpatrick, *Cas*....	....
N. J....	Union Nat'l B'k, Frenchtown..	Daniel M. Matthews, *Pr.*.	P. G. Reading.
" ..	Hoboken Bank for Savings....	Bryan Smith, *Acting Pr.*.	G. W. Sherman.*
N. Y...	First National Bank, Albion.	Albert S. Warner, *Pr.*....	A. Stewart.*
		William R. Burrows, *Cas.*	A. S. Warner.
" ..	First National Bank, Buffalo.	R. P. Lee, *Pr.*...........	C. T. Coit.*
		T. W. McKnight, *Cas.*...	R. P. Lee.
" ..	Third National Bank, " ...	B. B. Hamilton, *Cas.*....	....
" ..	White's Bank, "	James D. Warren, *Pr.*...	J. D. Sawyer.*
		Rufus L. Howard, *V. P.*.	....
" ..	Lyons National Bank, Lyons..	D. S. Chamberlin, *Pr.*...	....
" ..	Nat'l Mohawk Valley B'k, Mohawk.	Eli Fox, *Pr.*............	....
" ..	National Union Bank, Monticello.	Israel P. Tremain, *Pr.*...	A. C. Niven.
		George E. Bennett, *Cas.*.	I. P. Tremain.
" ..	Nat'l B'k of Schuylerville.....	Edward C. Bullard, *Pr.*..	D. A. Bullard.
" ..	Second National Bank, Utica..	E. S. Brayton, *Pr.*.......	T. S. Faxton.
OHIO...	Second Nat'l B'k, Cincinnati..	W. S. Rowe, *Cas*........	....
" ..	Farmers' Nat'l Bank, Bryan..	John W. Nelson, *Pr.*.....	E. Foster.
		Elmore Y. Morrow, *Cas.*.	J. W. Nelson.
" ..	First National B'k, Circleville..	James A. Hawkes, *Pr.*...	M. Brown.*
" ..	Second National B'k, "	S. H. Ruggles, *Pr.*.......	N. S. Gregg.
		S. H. Evans, *V. P.*......	....
" ..	First Nat'l B'k, Germantown..	Joseph W. Shank, *Pr.*...	J. W. Kern.
" ..	Hocking Valley Nat'l B'k, Lancaster.	Theo. Mithoff, *Pr.*.......	G. A. Mithoff.*
" ..	First Nat'l B'k, Middletown..	D. McCallay, *Pr*........	S. V. Curtis.
		J. R. Allen, *Cas*.........	S. Goldman.
PENN...	Nat'l Deposit B'k, Brownsville.	William H. Miller, *Pr.*...	W. Colton.*
" ..	Second National Bank, Erie...	J. McCarter, *Pr.*........	W. L. Scott.
" ..	Greenville National Bank.....	John Keck, *Pr.*..........	W. Achre.
" ..	Harmony National Bank......	E. Mellon, *Pr.*..........	J. Dambach.
" ..	First National Bank, Lebanon.	Horace Brock, *Pr.*.......	A. Brock.
" ..	First Nat'l Bank, Susquehanna.	M. H. Eisman, *Pr.*......	....
R. I....	Washington National Bank, Westerly.	Charles Perry, *Pr.*.......	....
TENN ..	First National Bank, Memphis.	N. M. Jones, *Pr.*........	F. S. Davis.
" ..	Stones River National Bank, Murfreesboro.	William N. Doughty, *Pr.*	J. J. C. Haynes.
		Thomas B. Fowler, *Cas.*.	W. N. Doughty.
TEXAS..	State National Bank, Austin...	John G. Palm, *A. C.*....	*Not* John S. Palm.
" ..	City Nat'l B'k, Fort Worth....	A. M. Britton, *Pr.*......	J. Nichols.
VA.....	Norfolk Clearing-House Association, Norfolk.	James E. Barry, *Pr.*.....	W. H. Peters.
		Wm. S. Wilkinson, *Cas.*.	W. H. Doyle.

* Deceased.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from January No., page 563.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
NEW YORK CITY		Lincoln National Bank	....
	$300,000	Thomas L. James, *Pr.*	Joseph H. B. Edgar, *Cas.*
ALA.	Montgomery	Francis Smith & Co.	Jesup, Paton & Co.
ARIZ.	Prescott	F. W. Blake	....
"	Winslow	Raynolds Brothers	Kountze Brothers.
CAL.	Benicia	Bank of Benicia (W. F. Goad)	....
COL.	Dillon	Miller, Byron & Co. (Jas. P. Byron, *Cas.*)	....
"	Loveland	Loveland Bank	....
		F. C. Avery, *Pr.*	W. B. Osborne, *Cas.*
"	St. Elmo	Bank of St. Elmo	Donnell, Lawson & Simpson.
		(McClure & Bostwick)	....
CONN.	Hartford	Putnam & Earle	....
ILL.	Colchester	Stevens Brothers	Preston, Kean & Co., *Chicago.*
"	Kane	S. F. Greene & Co	Metropolitan National Bank.
IND.	Lawrenceburgh	People's National Bank	Third National Bank.
	$110,000	William Probasco, *Pr.*	Peter Braun, *Cas.*
IOWA	Andubon	Citizens' Bank	Corbin Banking Co.
		William Walker, *Pr.*	A. L. Campbell, *Cas.*
KANSAS	Medicine Lodge	Medicine Valley Bank	....
MASS.	Hudson	Hudson National Bank	....
	$100,000	Luman T. Jefts, *Pr.*	George A. Lloyd, *Cas.*
MICH.	Benton Harbor.	Bank of Benton Harbor	....
		Samuel A. Bailey, *Pr.*	James Baley, *Cas.*
"	Grand Rapids	Fourth National Bank	Chemical National Bank.
	$200,000	A. B. Watson, *Pr.*	I. M. Weston, *Cas.*
"	Pontiac	First National Bank	....
	$100,000	Charles Dawson, *Pr.*	John D. Norton, *Cas.*
"	Port Huron	Commercial Bank	Mercantile National Bank.
	$50,000	C. A. Ward, *Pr.*	John W. Porter, *Cas.*
MINN.	Norwood	Bank of Norwood	Metropolitan National Bank.
		(Jas. Slocum, Jr., & Co.)	....
MO.	Grant City	Citizens' Bank	Donnell, Lawson & Simpson.
	$10,000	John C. Dawson, *Pr.*	William D. Winslow, *Cas.*
"	Kansas City	Citizens' National Bank	Importers & Traders' Nat. B'k.
	$200,000	Joseph A. Cooper, *Pr.*	Attis A. Whipple, *Cas.*
"	Moberly	Randolph Bank	Metropolitan National Bank.
	$12,500	B. F. Harvey, *Pr.*	William J. Hallack, *Cas.*
"	Norborne	Farmers' Bank	National Park Bank.
	$30,000	R. B. Hudson, *Pr.*	W. C. Palmer, *Cas.*
"	Schell City	Schell City Bank	Bank of Commerce, *St. Louis.*
"	Tarkio	Rankin, Stevenson & Co.	....
"	Webb City	Webb City Bank	Kountze Brothers.
NEB.	Kearney	Robertson Brothers	National Park Bank.
N. M.	Albuquerque	First National Bank	....
	$50,000	Mariano S. Otero, *Pr.*	Daniel Geary, *Cas.*
"	Georgetown	Kennedy & Thobro	Kountze Brothers.
N. Y.	Albany	John F. Smyth	Hotchkiss, Burnham & Co.
"	Dunkirk	Merchants' National Bank.	....
	$100,000	Langley Fullagar, *Pr.*	John H. Lascelles, *Cas.*
"	Salamanca	Salamanca National Bank.	....
	$50,000	Albert G. Dow, *Pr.*	Warren Dow, *Cas.*
"	Saratoga Sp'gs.	Citizens' National Bank	....
	$100,000	Daniel A. Bullard, *Pr.*	Lester A. Sharp, *Cas.*
"	Tarrytown	Tarrytown National Bank.	National Park Bank.

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
OHIO...	Canal Fulton..	E. R. Held................	Kountze Brothers.
	Springfield.....	Springfield National Bank.	National Park Bank.
" ..	$100,000	Phineas P. Mast, *Pr.*	Charles A. Harris, *Cas.*
PENN...	Philadelphia...	Cassatt & Co.............	Robert Winthrop & Co.
" ..	Eldred.........	Eldred Bank..............	United States National Bank.
		W. L. Hardison, *Pr.*	B. O. Heasley, *Cas.*
" ..	Saltsburg......	First National Bank.......	....
	$50,000	Archie Deery, *Pr.*	D. O. Brown, *Cas.*
TEXAS..	Helena........	John Ruckman (Exchange)	....
WIS....	Durand........	Pepin County Bank (A. L. Ward)	Jesup, Paton & Co.
" ..	Kewaunee......	B'k of Kewaunee (V. Mas hek & Co.)	German Exch. Bank.
WYOM..	Rawlins........	James France.............	Fourth National Bank.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from January No., page 565.)

NEW YORK CITY....... Bouvier & Wallace; admit Wm. J. Hutchinson as special.
" " " .... W. T. Hatch & Sons; admit Arthur M. Hatch.
" " " .... Hilmers, McGowan & Co.; interest of Wm. H. Colhoun ceases.
" " " .... Kennedy, Hutchinson & Co.; dissolved. New firm. Same style.
" " " .... Lapsley, Field & Co.; now Howard Lapsley & Co.
" " " .... John Munroe & Co.; admit Edgar Lockwood.
" " " .... Musgrave & Co.; John G. Musgrave retires. Henry Huhn and John P. Kelly admitted.
" " " .... Netherlands Trading Society; discontinue New York office.
" " " .... Peck & Martin; now Martin & Leask.
" " " .... Phelps, Stokes & Co.; dissolved.
" " " .... S. V. White; now S. V. White & Co.
" " " .... Wood & Davis; now Wood, Huestis & Co.
" " " .... I. & S. Wormser; Julius Nathan retires.

ALA.... Huntsville...... National Bank of Huntsville; capital reduced to $50,000. Surplus, $10,350.

COL.... Denver........ Merchants' National Bank; went into voluntary liquidation December 24, 1881.

ILL.... Chicago....... Hide & Leather National Bank; New York Correspondents are National Park Bank and Ninth National Bank.
" .. Kane.......... Enoch Littlefield; suspended.
" .. Shelbyville..... W. F. Thornton & Son; dissolved by limitation. Thomas M. Thornton continues. Style same.

IND.... Indianapolis... Frances Smith; should be Francis Smith & Co.
" .. La Fayette..... La Fayette Savings Bank; deposits, $484,282. Surplus, $57,000.
" Lawrenceburgh. People's Bank (Probasco, Braun & Co.); now People's National Bank. Same officers.

IOWA... Brighton...... Brighton National Bank; went into liquidation Dec. 3, 1881. Succeeded by Brighton Bank. Same Cashier and New York Correspondent.
" .. Holton......... Holton City Bank; firm now is Hopkins, Taber, Walker & Drake.

KAN.... Centralia...... Charles Wake & Co.; out of banking business.
" .. Downs........ Strike out Bank of Downs.
" .. Frankfort...... Warden & Walker; now J. S. Warden.
" .. Topeka........ A. Prescott & Co.; now Central Bank; incorporated. Same management.

MD.	Baltimore	Alex. Brown & Sons; admit Alex. Brown.
MASS.	Boston	Blue Hill National Bank of Dorchester; location and title changed to Blue Hill National Bank of Milton.
"	"	G. P. Baldwin & Dillaway; dissolved. H. G. Dillaway and T. C. Stearns continue. Same style.
"	"	Loring & Potter; now Lawrence, Potter & Co.
"	"	Rogers, Tower, Wood & Co.; now Rogers, Wood, Loring & Co.
"	"	C. H. Venner & Co.; admit Charles A. Vialle.
MICH.	Cheboygan	Rollo & Hitchcock; sold out.
"	East Saginaw	Little Jake's Bank; now Seligman's Bank of Commerce.
"	Grand Rapids	Farmers & Mechanics' Bank; now Fourth National Bank. Same officers.
"	Holly	Merchants' National Bank; voluntary liquidation. Consolidated with First National Bank.
"	Mason	Lowe, Smead & Co.; dissolved and discontinued.
"	Northville	A. S. Lapham & Co.; now J. S. Lapham & Co.
"	Pontiac	First National Bank (434); rechartered as No. 2607. Same officers.
"	Schoolcraft	E. B. Dyckman & Co.; succeeded by Nesbitt & Miller.
"	Tecumseh	People's Bank (W. C. Fitzsimmons & Co.); suspended.
MINN.	Spring Valley	Bank of Spring Valley; J. C. Easton retires. W. S. Strong admitted.
MO.	Marshall	Wood & Huston; now incorporated as Wood & Huston Bank. Joseph Huston, *Pr.* Will. H. Wood, *Cas.*
MONT.	Butte City	S. T. Hauser & Co.; merged in First National Bank.
NEB.	Milford	Johnson, Perry & Co.; now F. S. Johnson & Co. — Perry, deceased.
N. J.	Jersey City	Bergen Savings Bank; in liquidation.
N. Y.	Fredonia	Fredonia National Bank; capital increased to $100,000.
"	Sinclairville	Alonzo Langworthy; levied upon by Sheriff.
N. C.	Salisbury	D. A. Davis, deceased. Now Davis (O. D.) & Wiley.
OHIO	Columbus	Commercial National Bank; paid capital $200,000.
PENN.	Philadelphia	Charles D. Barney & Co.; admit Spencer Ervin.
"	"	Thomas A. Biddle & Co.; admit W. Lyman Biddle.
"	"	Cassatt, Dick & Co; dissolved. F. A. Dick settles.
"	"	E. W. Clark & Co.; dissolved. C. H. Clark and F. S. Kimball continue. Same style.
"	"	Craig, Heberton & Co.; admit Ringgold W. Lardner.
"	Pittsburgh	Real Estate Savings Bank; now adds "Limited" to title.
"	Saltsburg	Farmers & Merchants' Bank; now First National Bank. Same Cashier and capital.
R. I.	Providence	Chace, Watson & Butts; now Chace & Butts.
TEXAS	Round Rock	George M. Dilley & Co.; discontinued banking at this point.
"	Mexia	Oliver & Griggs; sold to J. L. & L. P. Smith and D. M. Pendergast.
VA.	Richmond	Merchants' National Bank; surplus now $40,000.
N. B.	St. John	Simeon Jones & Co.; succeeded by D. C. Clinch.

WHO ARE THE KINGS OF WALL STREET?—In a photographic engraving just executed for Root & Tinker, they are grouped together thus: William H. Vanderbilt, Russell Sage, Cyrus W. Field, D. O. Mills, August Belmont, Jay Gould, James R. Keene, Rufus Hatch, George W. Ballou, and Sidney Dillon. These worthies are robed in "purple and fine linen," and the face of each will be readily recognized. It is an interesting picture of men eminent in the money-making art, whose names have become as familiar to the people as that of the President, or the most noted politicians. It is an appropriate engraving to put in offices of those who are engaged in financial business. The price announced in the advertisement at end of this number seems very moderate for so handsome a picture.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from January No., page 564.)

No.	Name and Place.	President and Cashier.	Capital Authorized.
2606	Manistee National Bank, Manistee, MICH.	Richard G. Peters, George M. Burr.	$100,000
2607	First National Bank, Pontiac, MICH.	Charles Dawson, John D. Norton.	100,000
2608	Lincoln National Bank, New York, N. Y.	Thomas L. James, Joseph H. B. Edgar.	300,000
2609	First National Bank, Saltsburg, PENN.	Archie Deery, D. O. Brown.	50,000
2610	Salamanca National Bank, Salamanca, N. Y.	Albert G. Dow, Warren Dow.	50,000
2611	Fourth National Bank, Grand Rapids, MICH.	A. B. Watson, I. M. Weston.	200,000
2612	People's National Bank, Lawrenceburgh, IND.	William Probasco, Peter Braun.	110,000
2613	Citizens' National Bank, Kansas City, Mo.	Joseph A. Cooper, Attis A. Whipple.	200,000
2614	First National Bank, Albuquerque, N. M.	Mariano S. Otero, Daniel Geary.	50,000
2615	Citizens' National Bank, Saratoga Springs, N. Y.	Daniel A. Bullard, Lester A. Sharp.	100,000
2616	Exchange National Bank, Cincinnati, OHIO.	Francis Ferry, John M. Blair.	500,000
2617	State National Bank, Austin, TEXAS.	Eugene Bremond, Everard T. Eggleston.	100,000
2618	Hudson National Bank, Hudson, MASS.	Luman T. Jefts, George A. Lloyd.	100,000
2619	Merchants' National Bank, Dunkirk, N. Y.	Langley Fullagar, John H. Lascelles.	100,000
2620	Springfield National Bank, Springfield, OHIO.	P. P. Mast, Charles A. Harris.	100,000

IMPORTANT BANK-TAX DECISION.—The Legislature of this State passed an act on May 13, which attempted to cure the invalidity of the assessment of National-bank stock for State taxation. That act declares that "the amounts of all assessments attempted to be levied and taxes imposed upon the shareholders in National and State banks in Albany during the year 1880, as now appears on the assessments roll in the Sixth ward of said city, are hereby assessed and levied upon such shareholders whose names now appear in said assessment roll." Judge Wallace, of the United States District Court at Syracuse, says, in an opinion just given, in a suit involving the validity of this act, that notwithstanding the great reluctance with which such a conclusion is reached, the act must be pronounced in excess of the legislative power; that conceding the almost unlimited power of the Legislature over taxation, the act is an unprecedented exercise of that power; that it is in effect a legislative assessment of a tax upon a selected body of individuals without apportionment or equality, and without giving them an opportunity to be heard. A decree was ordered restraining defendant from all proceedings to enforce the tax as against the complainant, with costs. It is quite probable that the case will be appealed to the Supreme Court of the United States.—*Syracuse Herald.*

NOTES ON THE MONEY MARKET.

NEW YORK, JANUARY 31, 1882.

Exchnge on London at sixty days' sight, gold 4.84.

The money market, which for several months was very stringent, is finally in an easier condition. The disbursements by the Government, the payment of dividends at the beginning of the year, and the return of money from the West and from other quarters has had the effect of lowering rates. Money has been very tardy in coming back to New York, and even now the inflow is much less than that of previous years. Elsewhere we have tried to show why it is moving eastward so slowly.

Notwithstanding the abundance of money there are those who expected that rates would go lower. The truth seems to be, business is good and borrowers can afford to pay round prices, and so lenders are inclined to demand them, although they have an ample supply of money. During the latter part of January, while call loans continued very easy, there was a noticeable hardening of the time-money market. The common rate on call was four per cent., with higher nd lower variations, but not much money on time could be obtained below five per cent., and even at that rate prime collateral securities were required. More often six per cent. was demanded.

The advance in the rates of exchange to the specie-exporting point, though not sudden, will doubtless be an unpleasant surprise to many. For months the lesson of warning might be read in the history of the foreign-trade movements of the country. Our exports have been declining, and our imports have been increasing. For the former event we can thank the speculators who have manipulated the markets in such a way as to kill out the exportation of our surplus products which can neither be marketed nor consumed at home. By and by when the American producer finds that he cannot sell a considerable portion of his products except at a heavy decline, and that the high figures marked up by an extraordinary manipulation of the market were only figures and not sales, he will have his eyes opened to the real worth of the speculator to mankind.

Of course, with a constant decline in exports and a rapid increase in imports, the balance of trade was sure to turn against us sooner or later. At the close of the year the rates of exchange were $4.80 and $4.84, which gradually went to $4.85 and $4.89½ by the 24th of January—a sure precursor of the change that was coming over all the markets. The movements of merchandise at the port of New York, imports and exports, since the beginning of the year to January 30th, left a balance against it of $15,067,466, as will be seen from an examination of the following table:

IMPORTS.

	1881.		1882.		*Differences.*
Specie	$4,181,058	..	$339,075	..	— $3,841,983
Merchandise	30,984,572	..	37,166,137	..	+ 6,181,565
Total imports	$35,165,630		$37,505,212		+ $2,339,582

EXPORTS.

	1881.		1882.		Differences.
Specie	$753,375	..	$1,068,677	..	+ $335,302
Merchandise	24,763,732	..	21,369,069	..	− 3,394,663
Total exports	$25,497,107		$22,437,746		− $3,059,361
Total balance against this port	$9,668,523	..	$15,067,466	..	+ $5,398,943
Merchandise balance against this port	6,220,840	..	15,797,068	..	+ 9,576,228

The continuance of this state of things must affect prices, to reduce them. This is the tendency in the grain markets, while an open winter is an additional cause for reducing the price of coal. The stock market is feeling the influence of the altered situation, and notwithstanding the settlement of the railroad war among the trunk lines and a determined effort to advance prices, these do not respond to the movements of the operators for a rise. Doubtless, the fear of the return of a large amount of securities from abroad, if the monetary situation in Paris does not become easy and settled, has the effect of depressing, to some extent, the prices of stocks and keeping the market weak.

The prices of Government bonds remain about the same, though falling off slightly toward the close of the month. The expectation that large amounts would be presented, under the recent calls of the Secretary of the Treasury, after the owners had held them as long as was necessary for tax purposes has not been realized. They come in very slowly, and it should seem as though the Treasury department would be obliged to make some other regulation in order to get hold of them.

The Treasury department has authorized an interesting statement in respect to the effect of refunding and debt payments during the year which may be briefly put as follows:

PRINCIPAL.

	Jan. 1, 1881.		Jan. 1, 1882.
Sixes	$202,000,000	....	$159,000,000
Fives	506,000,000	....	401,000,000
Totals	$708,000,000	....	$560,000,000

ANNUAL INTEREST.

	Jan. 1, 1881.		Jan. 1, 1882.
Sixes	$12,120,000	...	$5,580,836
Fives	25,300,000	....	14,035,000
Totals	$37,420,000	....	$19,615,836

While reducing the principal of the debt about $148,000,000, the Government has reduced the interest $18,800,000 yearly—about $10,000,000 by refunding and the rest by payment of principal.

Turning now to the condition of the banks it is gratifying to notice the large gain in their reserves which puts them so far beyond the limit of the law. The following statistics relating to the condition of the New York banks for the last three years will be found interesting:

	Jan. 31, '80.		Jan. 29, '81.		Jan. 28, '82.
Loans	$283,194,500	..	$310,682,200	..	$322,966,500
Specie	50,312,800	..	66,264,100	..	68,355,600
Legal tenders	18,586,000	..	17,287,900	..	19,773,600
Deposits	259,675,900	..	302,512,300	..	316,109,400
Circulation	21,529,900	..	18,330,700	..	20,040,800
Capitals	60,475,200	..	60,475,200	..	61,375,200
Clearances week	772,270,895	..	955,459,873	..	997,312,340

The following shows the relation between the total reserves and the total deposits for the past three years:

	Jan. 31, 1880.		*Jan.* 29, 1881.		*Jan.* 28. 1882.
Specie	$50,312,800	..	$66,264,100	..	$68,355,600
Legal tenders	18,586,000	..	17,287,900	..	19,773,600
Total reserve	$68,898,800	..	$83,552,000	..	$88,129,200
Reserve required against deposits	64,918,975	..	75,628,075	..	79,027,350
Surplus reserve	$3,979,825	..	$7,923,925	..	$9,101,850

This showing makes the total reserve (specie and legal tenders) now 27.88 per cent. of the total deposits against 27.62 per cent. at the same date last year, and 26.53 per cent. for the corresponding week of 1880.

During January the Pacific National Bank of Boston was resuscitated. Weeks, whose heavy borrowings was the prime cause of its fall, has paid in $501,400, and given satisfactory guarantees for the balance due which amounts to $203,600. Other debts amounting to $150,000, which were supposed to be bad or doubtful, have been secured. It is reported, too, that nearly all the depositors of the Mechanics' National Bank of Newark have accepted the directors' proposition to take seventy-five per cent. of their claims; it is quite probable, therefore, that this bank will be revived.

Numerous bills are before Congress relating to the banks, some of which we have considered elsewhere. These deserve the careful attention of bankers While many of the members of that body desire to legislate as wisely as possible, there are those whose hostility to the National banking system is not concealed. One of the charges they have revived is that the banks were opposed to the three-per-cent.-funding bill last winter on account of the low rate of interest prescribed. The truth is the rate mentioned formed no objection whatever, it was the fifth clause which made the bill objectionable.

There has been unusual excitement in the financial markets at Paris for a couple of weeks, which though somewhat abated, is by no means over. Speculation has been carried to a great height there, and the crash in stocks, which has already taken place, was not unexpected. Two months ago we gave an account of the affairs of the Union Generale which is chief author of the present trouble. There is a feeling growing, however, that the financial troubles impending in Paris are likely to be confined to France, and even there will not produce a general explosion. There is such an abundance of capital, and so many of the financial institutions are known to be unquestionably sound, that the sinking of the weak ones will not probably impair the soundness of the others.

The reports of the New York Clearing-house banks compare as follows:

1881.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Dec. 31	$315,443,400	$57,782,500	$15,942,000	$289,890,400	$20,162,400	$1,251,900
1882.						
Jan. 7	319,110,400	61,514,000	16,678,800	299,500,400	20,209,000	3,317,700
" 14	319,554,000	66,529,200	17,574,800	307,402,600	20,158,600	7,253,350
" 21	321,071,800	68,764,100	18,909,300	311,996,100	20,001,500	9,674,375
" 28	322,966,500	68,355,600	19,773,600	316,109,400	20,040,800	9,101,850

The Boston bank statement for the past four weeks is as follows:

1881.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Dec. 31	$151,590,641	$7,266,100	$5,040,400	$96,674,600	$32,095,300
1882.					
Jan. 7	152,286,000	7,647,500	4,731,400	97,342,500	31,191,100
" 14	153,137,700	7,553,000	4,648,300	97,604,600	32,282,600
" 21	152,563,200	7,468,200	4,669,500	96,721,900	32,128,800
" 28	152,351,900	7,387,700	4,888,200	96,133,400	31,379,300

The Clearing-House exhibit of the Philadelphia banks is as annexed :

1881.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
Dec. 31	$73,755,991	$16,708,715	$64,218,976	$11,117,502
1882.				
Jan. 7	74,089,072	17,439,331	64,689,537	11,137,034
" 14	74,165,142	17,897,248	65,113,771	11,133,986
" 21	74,590,237	18,120,556	65,415,064	11,086,156
" 28	75,445,389	17,921,932	65,869,403	11,139,641

We append the usual quotations of leading stocks for the month :

Quotations:	*Jan. 7.*	*Jan. 14.*	*Jan. 21.*	*Jan. 30.*
U. S. 6s, 1881, Coup.	100⅛	100⅞	101	100⅝
U. S. 4½s, 1891, Coup.	114⅜	114⅝	114⅞	115
U. S. 4s, 1907, Coup.	117⅛	118⅛	118⅜	118⅛
West. Union Tel. Co.	78½	81⅜	80⅛	79⅛
N. Y. C. & Hudson R.	129⅛	135	133½	129⅛
Lake Shore	115⅝	115⅜	114⅜	110
Chicago & Rock Island	131⅝	134¾	134	133
New Jersey Central	91⅜	95⅜	96½	94⅜
Del., Lack. & West.	124¾	125⅜	124⅛	124¾
Delaware & Hudson	107½	108	106⅝	106⅛
Reading	66⅛	62½	65	61⅛
North Western	125	127¾	126¼	129½
Pacific Mail	41½	42½	41⅛	41⅜
Erie	39¾	42¾	41¾	39⅛
Discounts	6 @ 6½	5 @ 6	5 @ 5½	6
Call Loans	3 @ 5	4 @ 5	4 @ 5	5 @ 6
Bills on London	4.80¼ @ 4.84¼	4.82¼ @ 4.86¼	4.83½ @ 4.87½	4.84½ @ 4.89¼
Treasury balances, coin	$75,974,443	$75,377,898	$74,049,860	$75,440,984
Do. do. cur.	$4,324,992	$4,694,818	$4,545,263	$4,849,196

The total sales of stocks at the New York Stock Exchange, for the year 1881, were 113,522,375 shares. The following table shows the yearly range of prices :

Name.	*Highest.*	*Lowest.*	*Dec. 31, 1881.*	*Dec. 31, 1880.*
Albany & Susq.	135	120	130	119
Alton & T. H.	77½	39	47	40½
" " Pref.	143¾	85	85¾	111
Buf., P. & Wn. RR	60	37	42¾	—
Cedar Falls	40⅛	16	20⅜	18
Central Pacific	102⅞	80½	92	92¾
Canada Southern	90	50	52¾	74
C., C. C. & I.	101¾	81	83¼	96
C. C. & I. C	32⅞	18⅛	21¼	21⅛
Ches. & Ohio 1st prf	48¼	34¾	36	34½
C. B. & Q.	182½	133½	136⅛	179¾
Chic. & Rock Isl'd.	148⅝	129	132½	138¼
Chicago & Alton	156	127	131	154
" " prf.	158½	140	158	158
C., St. P., M. & O.	51	33½	36	48⅛
" " prf.	109½	91	99¾	98¼
Chic & N. W.	136	117	125½	127¾
" " prf.	147½	131⅛	138½	141
Chic., Mil. & St. P.	129¼	101½	106⅛	114½
" " " prf.	140	116¾	119½	124
Del., L. & West	131	107	127⅛	109½
Del. & H. C.	115¼	89⅝	107⅞	92¼
Den. & Rio Grande	113¼	66	69½	86½
Hous. & Texas	106	63	73	73
Han. & St. Jo	350	44¾	95	48¼
" " prf.	121	94	113¾	103½
Illinois Central	146½	124	130½	127⅜
Ind. B. & W.	57⅛	38½	48	51½
L. Erie & West	65¾	32	34	42⅜
St. Louis & Nash.	110½	79	101⅜	89
L. N. A. & Chic.	117½	50	75	60
Lake Shore	135¾	112⅝	112¾	134½
Manhattan Railw.	59½	15¼	54	34
Met. Railway	126	77¾	86⅛	107
Michigan Central	126½	84¾	86	125

Name.	*Highest.*	*Lowest.*	*Dec. 31, 1881.*	*Dec. 30, 1880.*
Mobile & Ohio	39¾	18⅛	35⅛	22¼
Mo., Kan. & Tex.	54	34⅞	36⅛	45⅞
Morris & Essex	131	118	121⅛	122⅛
Mo. & Pacific	114½	85	101	—
Mem. & Chas	93	41	72½	—
Nash. Chat. & St. L.	102	63	87½	75
N. Jersey Central	112	82½	91⅛	84¾
N. Y. C. & H.	155	130¼	131	154⅞
N. Y. Elevated	130½	96	105	124
N. Y., L. E. & W.	52⅞	39¾	40⅛	50⅝
" " prf.	96½	80½	90	90⅛
Northern Pacific	51	33⅜	36½	34
" " prf.	88⅛	64⅛	75⅜	66⅛
N. Y., Ont. & Wn.	43½	25⅝	27½	30½
Ohio Central	37⅞	21	23⅞	24
Oreg. R. & Nav.	190	134	134	134½
Ohio & Mississippi	60	35	36⅛	38⅜
" " prf.	126	93½	100	100
Pull. Palace C. Co.	151	120	135	146
Philad. & Reading	74¾	50	67⅛	51⅛
Peoria, Dec. & Ev.	57⅛	27¼	37	28⅛
Roch. & Pitts	50	22	25⅜	—
Rome, W. & Og.	50	22	22	30
Richmond & Al.	80	35	41	—
Rich. & Dan.	173	99⅛	173	—
Rich. & W. Point	174½	122	174½	—
St.L. & S. F. 1st prf.	115½	90	104⅛	99
Texas & Pacific	73⅝	41½	48⅛	42⅛
Union Pacific	131¾	105½	116⅝	112⅞
Wab., St. L. & P.	60	33⅜	37	45⅛
" " prf.	96¼	64⅛	68⅜	86⅜
Am. Dist. Tel.	74⅛	31	38	55
West. Union Tel.	120½	80⅛	—	82⅛
" " ex. scrip.	94	77	79⅛	—
Pacific Mail	62⅛	39	41	81

THE

BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XXXVI. MARCH, 1882. No. 9.

RENEWAL OF THE NATIONAL-BANK ACT.

Elsewhere will be found a very interesting report accompanied with a bill submitted by Mr. Crapo, Chairman of the Committee on Banking and Currency, relating to an extension of the National-bank charters. It is the same bill that was introduced by him, amended, however, in several ways, with the view of gaining the support of the more moderate opponents of the system. It provides for the renewal of bank charters by an amendment of the articles of association, to be signed in writing by the holders of two-thirds of the stock, to be approved by the Comptroller of the Currency, who is authorized to make a special preliminary examination of the condition of the bank before granting such approval. Shareholders not assenting to the renewal can dispose of their stock to the bank at a price to be fixed by an impartial appraisement. In case of a renewal, the circulating notes of the bank are to be redeemed by the Government under the act of 1874, and when they are reduced to five per cent. of the amount issued the bank is to deposit legal tenders with the Treasurer for the remainder. If any notes are not presented for payment the profit accrues to the Government. New notes of a changed and distinctive design are to be issued for those redeemed. Banks not applying for renewal are to be liquidated according to the existing provisions of the statutes. No fixed term for the renewed charters is mentioned in the bill; by implication the renewal is for the same term as the current charters—

twenty years. Mr. Buckner, a decided opponent of the National-bank system, was permitted also to report a bill along with that of the majority, the provisions of which were given in our last number.

The charter of one bank has already expired, and so will that of the second on the 11th of April. The following table, from Comptroller Knox's last annual report, shows the number whose charters will expire between the date last mentioned and the 25th of next February, including the amount of their capital and circulation:

1882.	Number of banks.		Capital.		Circulation.
In May	11	....	$3,900,000	....	$1,781,500
In June	16	....	4,205,000	....	3,452,500
In July	24	....	4,385,000	....	3,591,500
In August	10	....	1,205,000	....	863,000
In September	11	....	3,532,500	....	1,577,500
In October	5	....	550,000	....	494,100
In November	5	....	850,000	....	770,000
In December	5	....	570,000	....	505,000
1883.					
In January	9	....	1,250,000	....	1,080,000
On February 25	297	....	71,538,450	....	53,740,810
Totals	393	....	$91,985,950	....	$67,855,910

Nothing can be more evident than that if these organizations are not permitted to exist, their retirement from business will cause a serious disturbance in every avenue of industry and trade without any fault of theirs. The contraction of bank circulation to the extent nearly of seventy millions could not be effected without a shock. There is no law for retiring it in a gradual manner. Two hundred and ninety-seven charters expire on the 25th of next February, and the amount of the circulation of those banks is nearly $54,000,000. With such a vast sum demanding redemption at the same time, how could it be paid without producing manifold disarrangements?

It should not be overlooked, too, that these ninety millions of capital and more must be called in and paid to the stockholders. What do the borrowers of this money think about it? Would they not feel the pressure put upon them? Indeed, the consequences of such a tremendous event are too appalling to consider.

The committee bring out one fact in their report which we imagine has not been very attentively considered, especially by those who do not think well of these institutions. During the "hard times" the National banks lost a great deal of money, which was deducted from the surplus they had accumulated during more prosperous days. "Had it not been for this fund of undivided earnings, very many of the banks would have been unable successfully to meet the financial disasters and losses following the panic of 1873. During the four years from 1876 to 1879, inclusive, the losses of the

National banks, through the failure of debtors to pay their obligations, aggregated $85,845,069. Such, however, was the strength afforded to these institutions by the fund of undivided earnings that no serious consequences followed. The refusal or neglect to extend existing organizations would compel the division of this accumulated surplus. The new bank organizations would start simply with their paid capital, and with less ability to meet losses than the banks whose places they would take."

Besides, as the committee observe, many of the banks have a good reputation, the slow growth of years. If they are compelled to close, they cannot transfer their good names to other concerns any more than one individual can transfer his character to another; they will be forever lost.

The idea with which some persons are tormented, that the banks are very desirous to prolong their existence because they are making large profits, is very erroneous. The profits on their circulation are small; so small, in truth, that many banks do not issue any. Of the banks whose charters expire, by far the larger portion of their circulation is issued by western institutions. Until the year 1877 the banks received five or six per cent. on the par value of their bonds, while now the net interest does not exceed three and one-half per cent. What profit do they receive on their circulation based on these bonds? Comptroller Knox tells us in his last annual report.

On ten per cent. of the amount of bonds thus deposited by the banks, amounting to thirty-nine millions, they receive no circulation; and from this portion of their bond deposit they derive no benefit or advantage not possessed by any other class of bondholders. They pay a tax of one per cent. upon the amount of their circulating notes outstanding; keep on deposit with the Treasurer an amount of lawful money equal to five per cent. of their issues, as a permanent redemption fund; and also reimburse to the United States the expense of redeeming their notes at the Treasury. The actual net profit upon circulation, based upon a four and a three-and-one-half-per-cent. bond, and with rates of interest on bank loans varying from five to ten per cent., is estimated to be as shown in the following table:

Class of bonds deposited.	*5 per cent.*	*6 per cent.*	*7 per cent.*	*8 per cent.*	*9 per cent.*	*10 per cent.*
	Per ct.	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*
4-per-cent. bonds, at 16-per-cent. premium.	1.49	1.19	.88	.58	.27	.03
3½-per-cent. bonds, at 1-per-cent. premium.	1.74	1.59	1.43	1.28	1.12	.96

The profit upon circulation is seen to be greatest where the rate of interest for the loan of money is least; and this arises from the fact, already stated, that the bank receives in circulating notes ten per cent. less in amount than it deposits in bonds. Thus, if the bonds deposited are three and one-half per cents., and the commercial rate of interest is ten per cent., there is a loss to the bank of six and one-half per cent. upon the ten-per-cent. margin of bonds

deposited. If the commercial value is six per cent. only, then the loss upon the margin mentioned is two and one-half per cent., instead of six and one-half per cent. as in the previous case. The profit on circulation varies, therefore, from one and one-eighth per cent., where the interest on loans is nine per cent., to one and one-half per cent. where the rate of interest is six per cent.

If the National-bank Act were repealed and also all laws requiring the banks to pay taxes into the Federal Treasury, they doubtless could reorganize under State laws and reap larger profits than they are gathering to-day. But so long as State banks are taxed ten per cent. by the Federal Government on their circulation, as they are at present, of course no bank can live and thrive under State authority and issue notes. Thus the banks if they issue a circulation are compelled to exist under the National law. The necessity which drove them into the National system still exists, and while this continues, the banks cannot do otherwise than remain there. It should not be forgotten that they were driven out of the State system by Congressional legislation and were compelled to adopt that provided by Congress, though acquiring no greater profits than before; and their continuance under it is a smaller advantage to them than a gain to the country.

THE FUNDING BILL.

The Funding bill which passed the Senate after an elaborate debate, was a very different measure from that introduced by Mr. Sherman. The most objectionable features in the original bill were removed, otherwise it would not have been adopted. The leading idea of Mr. Sherman was to refund a large portion of the three-and-a-half-per-cent. debt at a lower rate of interest, by making it irredeemable for the longest term of years possible. But the Senate has rejected this idea, and only postponed the payment of a portion of the three-and-a-half-per-cent. bonds until the remainder of them shall be discharged. If the Government can, during the interval of redemption, borrow money at three per cent., under this bill it has authority to do so, and may employ it in redeeming the three-and-a-half-per-cent. bonds. But this entire portion of the public debt still remains within reach of the Government to pay whenever it has funds to apply to that purpose; and with this feature engrafted into the bill its design is radically changed from what was in the mind of its first author.

During the debate a wide field was traversed, and a great variety of amendments were considered. One vein ran

through nearly all the utterances of those who spoke, namely, that the present policy of paying the National debt was a wise one, and that nothing ought to be done to put the debt beyond the reach of the Government to pay. Indeed, it is admitted that the amendment of Senator Davis, postponing the right to redeem any new issues at a lower rate of interest only until the three and a-half per cents outstanding should be paid, was what saved the bill from utter defeat. Thus the Senate have declared in no uncertain terms that debt-paying shall not be suspended.

Another feature of the bill worthy of notice is the sanction expressly given to Mr. Windom's refunding operations. There were those who professed to see, when he was engaged in them, that he had committed a grossly illegal act in offering to continue the bonds at a lower rate of interest payable at the pleasure of the Government. Where was the authority for such an act? When Congress assembled it was predicted that he would be called to account for doing this, and that his action would be condemned. But now the Senate has discussed his conduct in every possible light, and all opposition was found to rage within the breasts of ten souls, and two of these voted against sanctioning the act, as it is generally believed simply because it was too childish a proposition to be entertained.

The debate disclosed another fact worth mentioning, namely, that the three and a half per cents. are a much more economical bond for the Government than the three per cents. would have been with all the features accompanying them, which Congress insisted on last winter in the bill that was vetoed by the President. Senator Windom declared that the three-per-cent. bill passed by the last Congress was far more in the interest of the National banks than the three-and-a-half-per-cent. scheme. Under the provisions of last year's bill the amount of bonds to be refunded was about $579,560,000, and Congress appropriated one-quarter of one per cent. of this amount, or $1,448,900, to carry out the measure. The three-and-a-half-per-cent. extension had been effected at a cost of less than $10,000. He declared very plainly that the three-per-cent. bill did not, in 1881, stand on its own merits, but that a part of the programme was to repeal the taxes on bank deposits amounting to $6,569,486, because it was seen that the three-per-cent. bill would not pass without offering a bonus. Then a bill repealing the stamp tax, depriving the Government of an aggregate of $8,676,699, was reported by Mr. Carlisle, as a further inducement, but it did not become a law. The cost to the Government, if the tax on bank deposits had been repealed and the amount appropriated to carry out the three-per-cent. plan had been put in operation, would have been $10,125,599. The one-half per cent. difference in the bonds would have amounted to $2,897,000, so

that the advantage secured by the plan of the late Secretary of the Treasury was about $8,000,000 over the three-per-cent. scheme which failed by the interposition of the veto.

The second section of the bill is an amendment offered by Senator Hawley, who, curiously enough, after succeeding in getting his amendment firmly fastened to the bill voted against the bill itself. In last month's issue we gave an extract from his speech explaining the object of the amendment. As is well known, many of the banks last winter, fearing the enactment of the Carlisle bill, hastened to get their bonds deposited with the Government, and for that purpose 140 of them between February 19th and March 4th, sent nearly nineteen million dollars in legal tenders to the Treasury. Such action on their part, it was seen, might cause a grave disturbance of the circulation, and to prevent the repetition of a similar occurrence Mr. Hawley offered his amendment now forming the second section of the bill.

Whether this feature is really a desirable one to incorporate into our banking system is questioned by some whose opinions are as disinterested as they are well reasoned out. The *Tribune*, in an article presumably written by Col. Grosvenor, recently said:

> National banks are controlled by many different individuals. If some of the directors in a bank are in such financial position that contraction would benefit them, others are in such position that they demand expansion. In the nature or things, this will always be the case, because the banks are conducted by business men, most of whom have larger interests in their private business than in the bank. It is impossible that the private interests of merchants, transporters, investors and other capitalists should at any time concur in making artificial contraction of the currency desirable to them, and therefore the fear of any combination of banks to that end is unreasonable. If Government so legislates at any time as to render a surrender of circulation profitable, many banks will undoubtedly surrender circulation, and their power to protect their own interests in that way, and under those circumstances, is one of which they ought not to be deprived. It is neither just nor is it for the public interest to leave banking capital without means of escaping from any measure of confiscation that may be enacted.

On the other hand, this amendment can hardly operate injuriously to the banks, while its acceptance by them may reconcile some who are opposed to their continuance. It does not prevent a reasonable surrender of circulation. It might operate to deter the banks from issuing notes; this certainly would not be a desirable effect.

After all, the very object of the amendment, to prevent the banks from making money tight, is not accomplished by it. It is true that no more than $5,000,000 a month can be retired, but there is nothing, as the bill now reads, to prevent the banks from giving notice in such a way that they could retire $5,000,000 on the last day of a month, and $5,000,000 on the next day, which would be the first of the month following, and a sudden retirement of $10,000,000 of currency would form a vacuum sufficiently large to disturb

business. Should the bill be discussed in the House this feature might be improved by further amendment.

What will be the fate of the bill in the House is very uncertain; it may not even be touched at all. The members of that branch of Congress are busy with their funding schemes, and are more likely to press them than they are any bill coming from the Senate. But even if the bill does become a law who will buy the bonds? especially before it is ascertained with some degree of certainty how long they will run. This question cannot be answered until two questions are settled: Will Congress increase the appropriations or reduce taxation? If that body does nothing in either regard, neither the banks nor the people will be very desirous to buy a three-per-cent. bond having only a very short existence. On the other hand, if taxation is reduced, and expenditures are swelled so that the bonds are likely to have a long future, probably they can be sold. Their fate, therefore, depends on these events This being so, the fact is clearer than ever that all legislation on the subject is untimely until the future policy of Congress with respect to taxation and expenditures is determined.

NEW YORK CITY AND STATE TAXATION.

Nothing more clearly reveals the barbaric condition of the American people than the systems of taxation existing in every State of the Union. In New York, the wealthiest State of all, it might be imagined that some progress had been made; but, alas! about the same condition of things is to be found there as in other States. It is true that the courts occasionally have corrected some of the grossest absurdities and evils perpetrated by the Legislature; but in other cases, by applying legal fictions when they ought not to have been applied, and in failing to comprehend the cardinal features which underlie a wise system of taxation, the courts have added confusion, inequality and injustice, instead of removing them. There is happily a healthy awakening to the evils at present existing, and it is to be hoped that ere long those radical changes will be effected which are plainly seen to be necessary to insure fairness and prosperity to the taxpayer and man of business.

For example, in a recent newspaper report of the doings of the Commissioners of Taxes and Assessments in the city of New York, it was stated that the real estate was assessed there only for sixty per cent. of its real value, and in many instances for less. But why is not the law executed, and such property taxed at a fair valuation? In Philadelphia it

is assessed much nearer to its true value, and, of course, the tax laid is correspondingly less. Why should not the same rule be observed in New York? Or, if it ought not to be taxed for only sixty per cent. of its market value, why is not the law changed in conformity to the usual mode of assessing it?

Small, however, as the assessment is, it is affirmed that in other parts of the State the valuation is fixed at a still lower rate, and consequently that New York city pays more than its fair share of the burden. Doubtless this statement is true not only for the present time, but for many years past. A board of equalization exists to correct errors of this kind; but, notwithstanding their utmost endeavors, inequalities are painfully apparent. The work they undertake is truly a gigantic one, and quite beyond the powers of any men to perform perfectly. Usually this board has been composed of capable and earnest men who have sought to do their work well, but probably their failure to redress evils is not so patent to any one as to themselves. The disease which they are annually required to cure is beyond their skill. They can do something, but much is left undone.

These facts, which none will dispute, loudly call for a remedy. They have been known for a long time, and dissatisfaction everywhere exists, yet no remedy is applied. During almost every session of the Legislature the voice of complaint grows louder, and ultimately an upturning of the system will occur; but how long must the people wait, how much more must they suffer, before they can nerve themselves up to the point of undertaking the work of a thorough reform.

Another singular excrescence of the law is that pertaining to the taxation of personal property. The newspaper report to which we referred began thus:

> The Commissioners of Taxes and Assessments have been busily engaged, since the beginning of the second week in January, in taking affidavits from persons who make oath that they have no personal property subject to taxation, and in listening to applications from others for reductions in the amounts on which they are assessed. They have received a great many notices from persons who state their intention to apply, at the proper time, for reductions in the valuation of real estate. Already several hundred persons have appeared before the Commissioners and wiped out their liability for the payment of personal taxes by making affidavit that they own no personal property over and above their debts. A good many persons popularly supposed to be millionaires were among those who have "sworn off" their liability to personal taxation.

Thus it happens that while there is in truth a vast increase of personal property, it is not taxed. By evasions of the law, by force of legal decisions and statutes, by far the greater portion escapes. Men are becoming better informed every

year concerning the laws of exemption, and are taking advantage of them. Especially is this true of those who possess a large amount of personal property. A person possessing only a small sum will hardly take the trouble to buy Government bonds for a short time, or resort to other means to escape paying a tax on what he has; but every rich man generally resorts to these devices. President Asten, of the Tax Department, has affirmed that many persons have sworn off their personal taxes, who, in so doing, declared that they had temporarily invested their money in Government bonds.

Many persons, he says, have gone elsewhere to live, to New Jersey and Philadelphia for instance, to escape the personal taxes imposed in New York. As an instance of how the tax operates, a poor man, with a large family, who has $1,500 saved for his children from his earnings, was here this morning to see if he could not escape paying a personal tax. As he could not swear off, he is obliged to pay. After he had gone out a man doing a large business in this city came in and made affidavit that he was not liable for any personal tax. He said he had $300,000 invested in a manufactory in Hartford, Conn., but that he only kept a salesroom in this city with samples of his goods. He takes all his orders here and enjoys all the advantages of this city as a place of business; but he sends his orders to his factory to be filled and thus escapes taxation in New York. I think that personal taxes should be abolished. We would get more from a real estate tax alone. The Astors and other large real estate owners favor such a change. Our tax laws should be made to compete with those of adjoining States. A moderate income tax would be better than a personal tax, as that could be collected, and would not operate so unequally and oppressively.

The number of corporations, like the New York Central Railroad, whose "main offices" are elsewhere than in the city, is rapidly multiplying. Fire insurance companies and other corporations invest their surplus in Government bonds and in other ways in order to escape the payment of a tax on their personal property. The Lorillards pay no personal taxes. Cyrus W. Field, Jay Gould, Russell Sage and many other equally well-known millionaires paid no personal tax last year, and will pay none this. W. H. Vanderbilt allowed himself to be examined at length by the Commissioners, and they acknowledged that he was not liable for any personal taxes. He then stated that as he did not care to be called a "pauper millionaire" he would voluntarily pay personal taxes on $1,000,000.

It will be readily seen how absurd it is to call the mode of taxing personal property now practised a system. It is merely a mode of getting money for public purposes in very unequal and unjustifiable ways. Those who have the smallest amount of personal property pay taxes thereon; those who have the most escape paying them altogether. The need of a thorough revision in the interest of fairness and justice is too glaring to escape the attention of any thoughtful person.

The following table, illustrating the rate of tax paid in New York city at various intervals since 1805, is not without interest:

1805......	.50	....	1865......	2.99	....	1876......	2.80
1815......	.445	....	1870......	2.25	....	1877......	2.65
1825......	.381	....	1872......	2.90	....	1878......	2.55
1835......	.460	....	1873......	2.50	....	1879......	2.58
1845......	.896	....	1874......	2.80	....	1880......	2.53
1855......	1.206	....	1875......	2.94	....	1881......	2.62

THE CLEARING HOUSES AND THEIR BUSINESS IN 1881.

The number of banks connected with the various Clearing Houses in the United States has shown little increase, and the capital wielded by these banks none at all, yet the magnitude of the exchanges has been unprecedented. The returns for the first three months indicated a probable total for the year of about sixty-six billions, and the actual total falls but little below this, reaching $64,360,518,685.76 at twenty-seven clearing establishments as compared with $50,877,681,948 at twenty-six clearing establishments in 1880, showing an increase of 26½ per cent. The balances paid could hardly have been in excess of $3,800,000,000, or about six per cent. of the exchanges, and the actual cash required in effecting the settlement of these vast transactions, was considerably less than this, as the balances are, to a great extent, liquidated by means of checks or certificates of deposit. These figures show not only the wonderful growth of business activity during the past year, but the extended use made of the instruments of credit in effecting mercantile transactions.

On following page are the Clearing Houses or associations for effecting exchanges in the United States, with the dates of their establishment and the number, capital and surplus of the associated banks, on December 31, 1881, so far as can be given, mostly compiled from the BANKER'S ALMANAC AND REGISTER for 1882:

The decline of $17,000,000 in the surplus of the Clearing-house banks in the face of an increase in their number and business is a fact worthy of attention, and ought to emphasize the demand for a remission of taxation on the capital employed in banking.

The business of the past year and the total reported to the end of 1881, have been distributed among the various associations as on the following page, the figures, except so far as stated, being officially furnished by the managers of the various Clearing Houses:

	Date of establishment.	*No. of banks.*	*Capital.*	*Surplus.*	*Capital and Surplus.*
New York	1853	60	$61,162,700	$25,200,032	$86,362,732
Boston	1856	51	50,000,000	10,180,055	60,180,055
Philadelphia	1858	30	16,878,000	7,997,053	24,875,053
Chicago	1865	16	7,086,000	4,000,000	11,086,000
Cincinnati	1866	16	6,988,300	765,052	7,753,352
St. Louis	1868	18	7,900,000	2,892,105	10,792,105
New Orleans	1872	10	4,875,000	959,096	5,834,096
Baltimore	1858	20	12,162,830	2,682,398	14,845,228
San Francisco	1876	14	22,000,000	8,000,000	30,000,000
Milwaukee	1868	9	1,575,000	360,000	1,935,000
Louisville	1876	19	8,341,939	872,233	9,214,172
Pittsburgh	1866	18	9,963,650	3,523,333	13,486,983
Providence	—	37	18,066,985	2,654,301	20,721,286
Kansas City	1873	6	1,700,000	220,042	1,920,042
Indianapolis	1871	14	3,500,000	281,000	3,781,000
Cleveland	1858	8	3,700,000	820,000	4,520,000
Hartford	1872	14	7,907,800	2,092,000	9,999,800
New Haven	1867	10	4,764,800	1,184,000	5,948,800
Columbus	1868	15	637,500	159,096	796,596
Portland, Me.	1865	6	3,050,000	1,005,000	4,055,000
Memphis	1879	6	1,481,300	273,485	1,754,785
St. Joseph	1877	4	267,950	114,079	382,029
Worcester	1861	8	2,450,000	560,246	3,010,246
Springfield	1872	9	3,300,000	1,159,734	4,459,734
Lowell	1876	7	2,500,000	563,000	3,063,000
Syracuse	1877	9	1,330,000	270,274	1,600,274
St. Paul	1874	7	2,625,500	651,400	3,276,900
Norfolk	—	5	450,000	170,000	620,000
28 Clearing Houses.		446	$266,665,254	$79,609,014	$346,274,268
Total Dec. 31, 1880..		437	266,325,711	96,767,927	363,093,438

	Exchanges.	*Increase or Decrease. Per cent.*	*Balances.*	*Exchange to balance. Per cent.*	*Total exchanges reported to Dec. 31, 1881.*
New York	$49,376,882,882	+ 27.9	$1,753,550,349	3.55	$610,952,996,594
Boston	4,233,260,201	+ 27.2	522,899,724	12.35	55,319,720,317
Philadelphia	2,716,828,851	+ 15.4	244,350,698	9.00	40,341,811,819
Chicago	2,249,329,925	+ 30.3	213,694,510	9.50	17,200,680,988
Cincinnati	903,522,800	+ 23.8	†135,000,000	15.	10,323,579,529
St. Louis	832,631,830	+ 17.0	126,805,237	15.23	6,974,464,070
Baltimore	*732,448,142	+ 7.2	†120,000,000	16.5	*4,168,816,092
San Francisco	598,696,832	+ 23.0	125,388,745	20.94	3,350,778,103
New Orleans	506,550,484	+ 8.0	50,299,961	9.93	4,214,382,494
Louisville	396,331,005	+ 32.5	†65,000,000	16.4	1,592,577,280
Pittsburgh	389,170,379	+ 30.7	78,578,626	20.19	3,461,058,668
Milwaukee	360,884,426	+ 14.1	64,314,575	17.82	3,495,336,118
Providence	*216,572,000	+ 8.5	†45,000,000	21.	*909,282,000
Kansas City	136,800,600	+ 35.0	†34,000,000	25.	582,010,521
Indianapolis	109,577,205	+ 25.4	†30,000,000	27.	668,880,505
Cleveland	103,113,643	+ 20.3	†26,000,000	25.	377,726,382
Hartford	81,735,380	+ 16.3	23,432,180	28.67	‡258,417,674
New Haven	58,855,601	+ 16.8	14,615,632	24.83	212,196,118
Columbus	52,148,656	+ 18.3	10,339,494	19.83	223,610,882
Peoria	‡49,474,080	—	†12,300,000	25.	49,474,080
Portland, Me.	†48,000,000	+ 20.	†21,000,000	44.	†88,000,000
Memphis	45,224,597	− 5.5	10,316,585	22.81	93,085,338
St. Joseph	*43,642,829	+ 28.9	†13,000,000	30.	*107,604,542
Worcester	39,224,751	+ 16.6	13,193,814	33.64	414,735,626
Springfield	37,568,608	+ 18.0	11,547,502	30.74	259,180,009
Lowell	22,951,836	+ 14.9	8,606,619	37.50	93,608,265
Syracuse	*19,091,141	+ 10.4	†7,000,000	37.	*83,556,918
Tot. 27 assoc'ns.	$64,360,518,684	+ 26.6	$3,780,234,251	5.85	$765,817,570,932
Outside of N. Y.	14,983,635,802	23.7	2,026,683,902	13.53	154,864,574,338

* From *The Public.* † Estimated. ‡ In part estimated.

A fair estimate of the unreported exchanges would be about $9,000,000,000, making the total for the United States $774,817,000,000, and outside of New York, $163,964,000,000.

The balances paid in settlement of these enormous transactions may be estimated at about $52,000,000,000 in round numbers, or 6.4 per cent. of the exchanges, and the actual cash employed has been considerably less than this as only a part of the balances are paid in money.

The growth of the Clearing-House transactions in the United States has been approximately as follows:

	Whole No. of Associations.	*No. of Associations reporting.*	*Aggregate Exchanges. Millions.*	*Exchanges outside of New York. Millions.*	*No. of Associations not reporting.*
1853 (3 mos.)	1	1	$ 1,304.9	——	-
1854	1	1	5,798.6	——	-
1855	1	1	5,673.7	——	-
1856	2	2	8,404.2	$ 1,057.4	-
1857	2	2	8,591.4	1,395.3	-
1858	5	3	7,215.7	1,839.5	2
1859	5	3	9,069.3	2,470.5	2
1860	5	3	10,022.1	2,628.2	2
1861	6	4	7,507.4	1,991.0	2
1862	6	4	10,120.1	1,885.3	2
1863	6	4	20,442.4	3,014.7	2
1864	6	4	30,053.5	4,413.4	2
1865	8	5	30,437.0	4,579.0	3
1866	11	7	36,443.7	4,977.2	4
1867	12	7	30,637.3	4,826.1	5
1868	13	7	36,400.6	5,240.9	6
1869	15	9	41,565.1	6,024.0	6
1870	15	9	33,267.0	6,180.8	6
1871	16	10	37,628.7	6,985.7	6
1872	18	12	44,038.3	7,668.7	6
1873	20	12	38,147.9	8,307.4	7
1874	21	13	32,336.6	7,886.6	8
1875	21	15	32,900.2	8,586.4	6
1876	24	18	30,183.4	8,706.7	6
1877	26	22	32,549.4	8,748.8	4
1878	26	24	30,633.5	8,232.4	2
1879	26	24	39,210.9	9,975.3	2
1880	29	26	50,877.7	12,263.3	3
1881	29	27	64,360.5	14,983.6	2
Total			$ 765,821.1	$ 154,868.2	

The totals in the last table vary from those previously given, and are only approximately correct on account of the impossibility of securing accurate returns from all the Clearing Houses by calendar years.

For the first time the clearings at Hartford and St. Joseph are published. The clearings at the latter, as given by *The Public*, and the clearings and balances at the former, as officially reported for 1880 and 1881, and estimated by the Manager for 1878 and 1879, have been as follows:

	St. Joseph.	*Hartford.*	
	Clearings.	*Clearings.*	*Balances.*
1878	$ 5,400,000 (1 quarter.)	$ 53,200,000 00	——
1879	24,700,000	53,200,000 00	——
1880	33,861,713	70,282,293 80	$ 20,927,124 74
1881	43,642,829	81,735,380 47	23,432,180 25
	$ 107,604,542	$ 258,417,674 27	

The foreign, like the American Clearing Houses, with scarcely an exception, show transactions of unprecedented magnitude. So far as returns have been received these transactions have been as follows:

	1881.		
London	£6,357,404,000	....	$30,938,306,000
Manchester	108,556,400	....	528,300,000
Newcastle-on-Tyne	24,535,000	....	119,400,000
Total English	£6,490,495,400	....	$31,586,006,000
Paris	4,707,668,177 fr.	....	908,579,900
Melbourne, Australia, thirty-nine weeks ending Sept. 29, 1881.	£92,077,000	....	448,105,000

The total transactions of the English Clearing Houses for a series of years, have been as follows in thousands:

	Newcastle. Established in 1873.	*Manchester. Established in 1872.*	*London. Established in 1775.*	*Total. Sterling.*	*Total. American Currency.*
1839	—	—	£954,401	£954,401	$4,644,595
1840	—	—	974,580	974,480	4,742,793
1867 (8 mos.)	—	—	2,128,290	2,128,290	10,357,323
1868	—	—	3,425,185	3,425,185	16,668,663
1869	—	—	3,626,396	3,626,396	17,647,856
1870	—	—	3,914,220	3,914,220	19,048,552
1871	—	—	4,826,034	4,826,034	23,485,892
1872	—	£32,300	5,916,452	5,948,752	28,949,603
1873	£31,500	72,800	6,070,948	6,175,248	30,051,860
1874	32,300	76,100	5,936,772	6,045,172	29,418,844
1875	30,750	81,100	5,685,793	5,797,643	28,214,231
1876	28,000	81,300	4,963,480	5,072,780	24,686,695
1877	24,300	85,900	5,042,383	5,152,583	25,075,064
1878	23,000	85,700	4,990,921	5,099,621	24,817,290
1879	21,400	84,200	4,885,937	4,991,537	24,291,318
1880	24,150	102,000	5,794,238	5,920,388	28,811,569
1881	24,535	108,556	6,357,404	6,490,495	31,586,006
Total, 1867–81	£239,935	£809,956	£73,564,453	£74,614,344	$363,110,766

During the same period, in the United States, the aggregate clearings exceeded $550,000,000,000, showing the wider diffusion and much greater use made of clearing facilities in this country than in England.

The business of the Clearing Houses at the great financial centers at home and abroad, by months throughout the year, has been as follows, in millions:

	Paris.	*London.*	*Manchester. Eng.*	*New York.*	*Boston.*	*Other Cities of U. S.*	*Total. U. S.*
January	$76.9	$2,666.4	$45.8	$4,715.6	$364.9	$843.7	$5,924.2
February	67.5	2,330.7	40.8	4,352.8	318.9	722.3	5,394.0
March	86.1	2,726.4	43.5	4,202.3	319.7	783.7	5,305.7
April	81.6	2,493.4	41.3	3,706.0	333.5	781.1	4,820.6
May	70.5	2,740.7	42.8	4,881.2	389.2	841.3	6,111.7
June	83.8	2,701.3	41.2	4,216.1	398.2	922.3	5,536.6
July	73.6	2,606.7	46.8	3,885.4	377.3	855.8	5,118.5
August	74.8	2,487.7	44.3	3,555.8	349.2	910.1	4,815.1
Sept'mb'r.	67.1	2,315.8	41.8	3,415.0	317.2	926.1	4,658.3
October	82.0	2,625.2	48.5	4,281.3	388.5	1,026.5	5,696.3
November	70.0	2,537.2	44.4	3,898.7	352.8	981.3	5,232.8
Decemb'r.	74.7	2,696.8	47.0	4,266.6	323.8	1,051.3	5,641.7
Total	$908.6	$30,938.3	$528.3	$49,376.8	$4,233.2	$10,645.5	$64,255.5

Stock transactions form an important element in swelling the clearings at New York. The number of shares sold in 1881 was 113,392,685, of an aggregate value of $8,946,682,847, increasing the clearings, according to *The Public*, by double this amount or $17,893,365,694.

The net clearings at New York due to business other than stock transactions, would therefore be $31,483,517,189, as compared with $15,320,292,234 in 1876. The value of the stocks sold at New York has more than quadrupled since 1876, and the average price per share, according to *The Public*, has risen from $53.40 in 1876 to $69.60 in 1880, and $78.90 in 1881.

It is hardly to be expected that the present year wil show the astonishing growth in the clearings which has been witnessed in each of the two previous years. A much more moderate increase, if any, is to be expected hereafter even if a decline should not occur, which would be by no means surprising. Business is much nearer high-water mark than it was two years ago, even if that point has not been already reached. DUDLEY P. BAILEY.

CIPHER TELEGRAMS.

Secret writing is alluded to often in history, and from ancient down to modern times has formed an interesting factor in political events.

The deciphering of important messages has been common, and sometimes has produced serious results. Among business men the topic is of daily importance, and must be clearly separated from the system of "packing" long sentences each into one representative word, so as to save expense in "cabling."

Such a system is, of course, largely secret, but secrecy is secondary to economy.

Several houses in Eastern cities exist for the compiling of "cable codes," some being provided with printing material and keeping 20,000 "cipher words" in type ready for use. These words are largely taken from French and Spanish dictionaries, for the cable companies admit dispatches in certain named languages; they are selected with great care so as not to exceed ten letters, and yet to differ from each other so widely that similarity in telegraphic symbols shall be avoided.

The formation of a "cable code," to which these cipher words are to be applied, is a great labor—each patron requiring his own selection of sentences, and the use of such a book is not easy to a novice. Where a party pays

$20,000 yearly for telegraphing it is found best to procure codes and place them in charge of one clerk who can study the methods available for securing brevity, clearness and economy.

The great number of bankers in the United States have daily necessity to send short telegrams which are not of vital importance so far as secrecy is concerned, though *privacy* is essential as in all business transactions.

Furthermore, such telegrams should contain passwords to satisfy the receiver that some shrewd villain has not cut the line just out of town and woven the ends into his surreptitious Morse instrument, thus enabling him to issue forged telegrams and direct payments to a confederate.

Nearly every bank possesses one or more little books holding from thirty to three thousand words, which are relied upon for daily transactions amounting to thousands of dollars. Most of these ciphers have the fatal defect of using a cipher word for the same meaning two or more times.

Great credit is due to the operators for their faithfulness. Few frauds have been committed by them, although they can easily decipher such ciphers by a little investigation.

A banker will often telegraph in cipher an order for his depositor, who, at the same moment, is sending to the distant payee an equivalent message in plain English, thus giving to the operators the cryptograph and its translation at once.

About ten thousand words, excluding proper names, will comprise the vocabulary used by the bankers. Synonymous words will, of course, be found in abundance in such a dictionary, but they must be retained, for time is everything and economy a minor consideration in domestic telegrams which are to be sent and answered within an hour or two.

Let us suppose such a list of ten thousand words in one long column, each line numbered from one down to ten thousand; let us also suppose a list of cipher words (carefully selected and not in common use), of equal length and also numbered. It is now evident that if the lists are placed side by side, the numbers being opposite, a cipher code is formed whose value depends upon the manner in which it is habitually used.

If the possessor shall desire to telegraph, "Pay John Jones one hundred dollars," he can take for each of these words, except the proper nouns, the corresponding cipher word. If the operator has to send at the same moment an English dispatch from Smith to Jones, stating that an order is on the way to pay him one hundred dollars, then is the secrecy of the cryptogram dissolved, and furthermore the operator is ready to examine the next telegram in cipher and endeavor to ascertain if the same cipher word is used for "Pay," as in the first telegram. Proceeding thus, day after day, he

can detect word after word unless the owner of the code shall change his system often. As a matter of fact, such changes are seldom made.

An improvement is suggested as follows: The code described should be printed so as to be readily referred to, and accurate in every respect. It should allow the addition of special words or phrases to suit the changing needs of business.

To secure secrecy the sender should have had prepared and filed with his correspondent a list of irregular numbers, such as 483, 281, etc., etc., which numbers should neither be repeated in regular order, nor should the differences between them be in any regular ratio. Furthermore, when one of these numbers has been used it should be canceled for further use, so that the list may always show what number is next in order for use.

Let us suppose that the sender shall telegraph, "Pay one hundred dollars," and on the day following shall repeat the same telegram, and on the day after that shall again repeat it. He will refer to his printed code and find the words "Pay" to bear the number 9,000, and the phrase "One hundred dollars" to be upon one line which bears the number 300. He will now take his first secret number (483) which we will call a "shift number," and add it to 9,000, and again refer to the code to ascertain what cipher word shall be numbered 9,483, and find it to be the word "Perdition," which is the first word of his dispatch.

His second "shift number" likewise treated will give him the word "Amendment," for its line number is 581. The receiver deducts the shift numbers, reversing the whole process.

For the second dispatch the sender finds that he must use the two "shift numbers" 684 and 83, thus referring him to the cipher words numbered respectively 9,684 and 383.

On the third day he can only use, we will say, the cipher words numbered 9,107 and 345.

The shifting process is somewhat like the process of changing the number on the tumbler of a bank lock. The detection of one telegram by means of parallel English messages will give no clue to past or future messages.

Such a printed code can be safely exposed to the public, and the holder of a secret "shift list" can safely employ an assistant to decipher a dispatch containing ten cipher words by giving him only the first ten "shift numbers" from his list.

We will suppose that ten bankers have each such a book, and that one has sent to each of the remaining nine separate lists of "shift numbers," and that the others have followed the same plan. It is evident that any one of them may receive in one day nine cipher telegrams from as many

different persons, all translatable out of the same code, and yet no dispatch shall give a clue to any other, although all the dispatches may contain the same words, for instance, "Pay one hundred dollars." F. M.

RESERVE-FUND LEGISLATION.

A very important bill has been introduced into the Senate by Senator Allison, of Iowa, for the setting apart of one hundred and twenty millions of the coin in the Treasury as a fund to secure the redemption of the legal tenders. It is said that more than one member of Congress is now expressing his surprise because Congress has never legislated on this subject. Yet, so it is. Had a Secretary of the Treasury been so disposed he could have drawn out every dollar of gold and bought bonds with it, leaving nothing to secure the redemption of the legal tenders; in other words, having executed the law by accumulating gold and resuming specie payments, there has been no legal obstacle to prevent the head of the Treasury from getting rid of the gold in the public coffers and putting the Government back on its former paper basis.

The need of fixing the amount of reserve by law will hardly be denied by any one. It is true that no harm has thus far come from leaving the matter to the discretion of the Secretary; but then, Mr. Sherman, who was the author of the resumption measure, was in the Treasury when the act took effect, and he has been there during the greater portion of the subsequent period. Those who have come after him have followed in his footsteps, and the reserve has been kept at a very high point, but it is not wise to expect that every future Secretary will be animated by the same spirit or possessed of similar financial knowledge. At any time a man may be placed there who may think there will be no demand for coin in payment of legal tenders, and who, holding this view, will sell all the coin and buy Government bonds with the proceeds. If, for example, Senator Plumb were chosen Secretary we know what he would do—the reserve fund would be pared down to one hundred millions; perhaps some other Secretary might reduce the figure still lower. Evidently so important a thing as placing the reserve beyond the power of the head of the Treasury to use it in other ways ought not to be omitted in our financial system.

There are two features of Mr. Allison's bill which will doubtless excite discussion, namely, how much shall be set

apart for a reserve, and of what shall it consist. One hundred and twenty millions is held to be ample to protect the three hundred and fifty millions of Government notes, but the bill provides that three-fourths of this sum shall be gold and one-fourth silver. Those who are opposed to the use of silver as currency will object very strenuously to putting any portion of that metal into the reserve. On the other hand, the advocates of silver will probably attempt to increase the silver proportion of the fund. On this point a sharp discussion is likely to spring up in due time.

The ultimate form of the reserve must depend on the final *status* given to silver by the leading nations of the earth. If they shall finally agree to use both metals at a ratio accepted by all of them, of course there can be no objection to keeping a very large portion of the reserve fund in silver; but if the use of it as money shall finally be proscribed, then it is equally evident that it should form no part of that fund. Until, therefore, its *status* is settled we cannot discover any weighty objection to its forming a part of the reserve fund, to the extent at least indicated in Mr. Allison's measure.

It is worth while to consider in this connection what reserve ought to be kept for paying outstanding obligations of the Government which have matured, the payment of which is not demanded. For example, the amount of fractional currency that will never be redeemed, so says the United States Treasurer, in his last report, will amount to more than $14,000,000, of which sum $8,373,934 have been written off the books of the Treasury by order of Congress, leaving in the last debt statement $7,069,493,67.

The decline in redemptions since September, 1876, the time when it ceased to be issued for each year, is shown in the following table:

1877	$11,071,773 35	....	1880	$189,628 89
1876	2,489,212 69	....	1881	83,434 35
1879	549,921 99	....	Oct. to Jan., 1882.	28,012 35

At present, a reserve fund for the whole amount is kept, and the same thing is done with respect to all the matured obligations of the Government. Yet, it is clear that there is no occasion for reserving more than a very small sum to redeem any fractional currency that may be presented. The Secretary of the Treasury in his last report recommended that this item be dropped from future statements of the National debt, and that an appropriation of $100,000 be made to meet future redemptions. If this recommendation were heeded, it would wisely dispose of the subject. Surely the matter is of sufficient importance to demand legislative action.

Mr. Allison's bill consists of two parts, and having considered the first part we shall now proceed to discuss the other.

The National banks hold $240,000,000 of the extended

bonds as security for their circulation. Within seven or eight years, and perhaps sooner, unless the present policy of taxation and expenditures shall be radically changed, these bonds will be redeemed. If the banks continue to issue notes they will then be forced to buy the fours and the four-and-a-half per cents. The former, however, become redeemable in 1891, and therefore do not offer many advantages to the banks. The fours are largely held by trust and insurance companies and other institutions of a similar character, and will be difficult to obtain by the time the banks will require them. Under these circumstances it is to be expected that many of the banks wlll prefer to retire a portion of their circulation, rather than pay the premium upon the high-rate bonds; and that a gradual, though slow, contraction of the currency will begin to take place within the next two or three years from this cause.

Believing there is gold enough in the country to fill the vacuum that will be created by the retirement of bank notes, he proposes that any holder of it may deposit his gold in the Treasury and receive gold certificates therefor in denominations of not less than $20 each, and that the gold shall be retained there for the redemption of these certificates.

Once before, however, gold certificates were issued on the same conditions, and it was found that in order to get them the holders of greenbacks presented them in large quantities, and having drawn out an equivalent in gold from the resumption fund, immediately deposited the gold and drew gold certificates. In this way greenbacks were convertible into gold certificates, while the resumption fund was rapidly depleted and would have been speedily exhausted had not Secretary Sherman put a stop to the further issuance of gold certificates. To make this impossible of recurrence, Mr. Allison's bill provides that a maximum reserve fund of not less than $120,000,000 shall be set apart in the Treasury for the sole purpose of redeeming United States notes, the entire fund to be in coin of standard value, and whenever this fund gets below $120,000,000 it shall be unlawful to issue any more gold or silver certificates until the deficit is restored.

If the authority to issue these certificates could not be employed to deplete the Treasury of its gold, as was done on the former occasion, they would serve a very useful purpose. There would be great convenience in having them, the cost and risk of transporting coin would be saved, and no loss of gold from abrasion would happen. One of the greatest advantages would be derived by the banks in the large cities, for they could then dispense with their present machinery for handling Clearance-house balances.

Such are the chief points of this bill, which deserves careful consideration. It aims to correct some glaring imperfec-

tions of our financial system, and to prepare for changes that are likely to come in the banking and money arrangements of the future. It evinces a thoughtful consideration of questions which are worthy the most candid and thorough study of our ablest financial guides.

BANKING IN CUBA IN 1881.

Although the paper currency of Cuba has undergone no material reduction of volume within the past year, it has appreciated in value in a very marked degree which may be regarded as an evidence either of growing confidence in its ultimate redemption or of an increasing demand for currency to meet the wants of an expanding commerce. The Spanish Bank of the Island of Cuba has paid dividends of four per cent. for each half year ending June 30 and December 31. The emission of bank notes on account of the war expenses of the Government, has for the first time since 1879, shown a slight reduction, and a paper dollar has become worth upwards of fifty-two cents in gold compared with less than forty-five cents in 1880. The condition of the Bank in July and December, was as follows:

	July 10, 1881.		Dec. 31, 1881.	
ASSETS.	*Gold.*	*Bank notes.*	*Gold.*	*Bank notes*
Cash	$4,569,178	$7,414,172	$5,454,727	$8,098,352
Discounts	5,873,210	6,575,073	6,652,734	974,680
Titles of the loan of 25 millions	8,565,000	—	4,330,000	—
Agents	873,968	—	308,365	—
Branches	359,271	1,409,573	1,459,583	1,109,000
Bills due	104,437	2,745,280	158,070	2,711,378
Sundry accounts	—	4,110,898	—	—
Advances to Government, without interest	—	44,900,077	—	44,881,341
Other items	118,442	40,429	174,008	44,621
Totals	$20,463,506	$67,195,502	$18,537,487	$57,819,372
LIABILITIES.				
Capital	$8,000,000	—	$8,000,000	—
Reserve fund	470,567	—	426,341	—
Accounts current and deposits without interest	5,806,234	$8,398,384	8,289,530	$6,134,577
Other obligations at sight	354,180	41,156	44,410	29,692
Bills emitted—				
On account of the bank	—	11,888,058	—	4,041,895
Emission for war	—	44,900,077	—	44,881,341
Total note issue	—	$56,788,115	—	$48,923,236
Other obligations	5,832,525	1,967,827	1,777,206	2,731,867
Totals	$20,463,506	$67,195,502	$18,537,487	$57,819,372

The condition of the five branches of the Spanish Bank at or near the close of December, 1881, was as follows:

	Cash.		Loans and Discounts.		Deposits and accounts current.		Total liabilities. Gold and paper.
	Gold.	Bank notes.	Gold.	Bank notes.	Gold.	B'k notes	
	$	$	$	$	$	$	$
Matanzas........	453,610	533,023	929,515	332,228	1,062,214	725,959	2,738,599
Cienfuegos.......	372,454	63,373	536,229	3,950	715,430	29,599	1,138,647
Cardenas.........	246,649	619,060	573,557	291,065	524,257	597,810	1,738,569
Ságua la Grande.	308,155	222,431	181,823	134,284	339,332	92,062	847,941
Santiago de Cuba.	487,463	56,145	276,927	28,170	293,221	4,839	873,763
Totals.........	1,868,331	1,494,032	2,498,051	789,697	2,934,454	1,450,269	7,337,519

The other banks of deposit at Havana have deposits of greater amount than those of the Spanish Bank. The condition of these various banks on the 31st day of January, 1882, compared as follows:

	Cash.		Discounts. Gold and paper.	Individual deposits and accounts current.		Total liabilities. Gold and paper.
	Gold.	Bank notes.		Gold.	Bank notes.	
	$	$	$	$	$	$
Industrial Bank......	2,429,580	1,853,846	3,830,361	4,533,568	1,930,453	10,014,039
Commercial Bank....	1,461,016	2,080,290	621,591	2,275,761	2,138,486	13,034,647
B'k of Santa Catalina.	154,811	214,706	469,159	589,209	508,898	3,090,199
Savings Bank, Jan. 28.	2,326,564	2,938,388	6,739,737	4,187,173 / *2,866,148	2,330,295 / *3,592,840	13,707,596
	6,371,971	7,087,230	11,660,848	14,451,859	10,500,972	39,846,481
Spanish Bank........	6,045,090	8,008,044	9,347,530	8,047,945	7,388,093	78,187,389
Totals...............	12,417,061	15,095,274	21,008,378	22,499,804	17,889,065	118,033,870

The following table compiled by Mr. Robert G. Merry, for the *Revista Economica*, of Havana, shows, in thousands of dollars, the amount of gold and Spanish bank notes existing in the various banks of deposit at Havana, including the Spanish Bank and one private bank not included above, at the end of each month:

1881.	Gold.	Bank notes.	1881.	Gold.	Bank notes.
January...........	$14,696	$13,161	September..........	$14,520	$14,693
February..........	14,734	14,803	October............	14,280	14,879
March.............	15,930	15,343	November.........	13,985	16,021
April..............	15,499	14,958	December..........	13,317	16,443
May..............	15,220	14,439			
June..............	14,945	14,790	Average, 1881......	$14,641	$14,823
July....	14,413	14,203	" 1880......	11,870	13,254
August............	14,152	14,144	January, 1882......	13,228	16,829

The amount of gold in circulation in the island is estimated at $25,000,000 to $30,000,000, including the amount in the banks, and leaving about $10,000,000 to $15,000,000 in use outside of the banks. Cuba has, therefore, of gold about $20 per capita and of paper money about $34 per capita in nominal or $18 in real value, giving a total of $38 per capita in specie value, besides about $1,000,000 in silver. The amount of gold in the banks has increased nearly fifty per cent. since December 31, 1879, and is sufficient for

* Deposits bearing interest.

a resumption of specie payments but for the plethora of paper money.

From an interesting table, prepared by Mr. Merry for the *Revista Economica*, we obtain the following statement of the lowest, highest, and annual average premium on gold, and the value of bank notes:

	Lowest.	*Highest.*	*Average.*	*Average gold value of b'k notes.*		*Lowest.*	*Highest.*	*Average.*	*Average gold value of b'k notes.*
1869	0¾	6	2.52	97.55	1876	105½	138	121.30	45.13
1870	1	6	2.64	97.43	1877	118	136	124.47	44.56
1871	3	6¾	4.40	95.80	1878	88⅓	126½	113.01	47.97
1872	5	18⅛	10.98	90.22	1879	97	151	118.51	45.93
1873	10	89	41.27	71.90	1880	104¾	139½	123.67	44.81
1874	49	198	120.07	46.12	1881	71¼	106½	91.70	52.31
1875	91	148	118.87	45.78					

The paper currency maintained, therefore, a higher value in 1881 than in any year since 1873. B.

EARLY COINAGE OF THE UNITED STATES.

The colonies, notwithstanding their political relation to Great Britain previous to the separation in 1776, had never followed very closely the monetary system existing in the mother country. Long before the Revolution the Spanish dollar, to a very considerable extent, had usurped the function of the pound sterling as the basis of reckoning. The paper money issued by the Continental Congress was not made payable in pounds, shillings or pence, but in Spanish dollars, which had found their way here from Havana.

The need of a legal-money standard, and of a mint for coining it, had been realized during the existence of the confederation, and Morris, Jefferson and others had considered the subject. Laws had been enacted from this stirring of the question, but hardly anything was done toward executing them. When the new Government was established Hamilton was directed to report a plan for the creation of a mint, and in 1791 he presented his report to Congress. "The great variety of considerations—nice, intricate, and important—involved in the subject, the general state of debtor and creditor, all the relations and consequences of price, the essential interests of trade and industry, the value of all property, the whole income both of the State and of individuals;"—these observations which appear in the beginning of his report, show how fully Hamilton comprehended the importance of the inquiry.

"The dollar, originally contemplated in the transactions of this country by successive diminutions of its weight and

fineness, had depreciated five per cent.; and yet the new dollar had a currency in place of the old, with scarcely any attention to the difference between them. Nor would it require," he continued, "any argument to prove that a nation ought not to suffer the value of the property of its citizens to fluctuate with the fluctuations of a foreign mint, and to change with the changes in the regulations of a foreign sovereign."

Hamilton then proceeds to state the points involved in the inquiry: What ought to be the nature of the money unit; the ratio between gold and silver, if coins of both metals were to be established; the proportion and composition of the alloy in each kind; whether the expense of coining should be defrayed by the Government or out of the material itself; the number, denominations, sizes and devices of the coins; and whether foreign coins should be allowed to pass current or not, and if allowed, at what rate, and for what period?

Concerning several of these points Hamilton's views deserve extended consideration. "As to the first point, the money unit," he inquired, "What it actually is. The pound, though of various value, was the actual unit of the money of account; but the manner of adjusting foreign exchanges indicated that the dollar was best entitled to be considered as the unit of the coins."

Of the different dollars, the dollar in actual circulation, he thought, should be regarded the actual money unit, rather than the ancient dollar—a conclusion strengthened by the fact that, "it was more conformable to the true existing proportion between the two metals in this country, and to that which obtains in the commercial world generally." An investigation into the existing ratio between gold and silver yielded no precise definition of the present unit, but furnished data from which it could be ascertained. In determining what ought to be the future money unit, he suggested whether it ought to be attached to one of the metals in preference to the other, or otherwise, and if to either, to which of them. The resolves of the old Congress showed that the unit was not attached to either coin. Contrary to the ideas which had prevailed, he proposed that no preference should be given to either, though if there was to be gold should be the favored metal rather than silver, because it possessed greater stability. The principal reason why such a preference should not be given was, that in attaching the uuit to either of the metals, the office of the other as money would be destroyed; it would become mere merchandise, thereby diminishing the quantity of circulating medium and impairing the utility of one of the metals.

The other point deserving notice was, what ratio should be established between the two metals—a question of great

moment, both from the consequence that an over-valuation of one would tend to banish the other; and because it would produce a diminution of the total quantity of specie in the country, though the latter conclusion from local and particular circumstances, he thought, would be received with caution. The effect of an over-valuation, to produce a greater and more frequent disturbance of the state of the money unit by a greater and more frequent diversity between the legal market proportion of the metals, was not overlooked. In establishing this ratio, Hamilton wisely observed that the commercial relations of this country with Great Britain and the future payments of interest to Holland, should be considered. Thus viewing the question, he believed that the commercial proportion existing in those countries ought to be preserved here. All the other points in this report received candid and thorough consideration.

The friends of Jefferson also introduced a bill, which was passed, directing him to report a plan for establishing uniformity in the currency, weights and measures of the United States. During the second session of Congress his report appeared.

He proposed a new coinage for the United States of a different value from the dollars then in circulation. He proposed to add "five grains of silver to the proper weight of the dollar, without a proportional augmentation of its legal value." So serious a change in the unit was too great to secure its adoption.

In 1792 a mint was established, the officers of which were a director, an assayer, a chief coiner, an engraver and a treasurer. Gold, silver and copper were to be coined. The piece of greatest value was an eagle, "to be of the value of ten dollars or units," and to contain 247 grains and four-eighths of a grain of pure, or 270 grains of standard, gold." "Dollars or units" also were to be coined, "of the value of a Spanish milled dollar," then current, and to contain 371 grains and four-sixteenth parts, of a grain of pure, or 416 grains of standard, silver. The half and quarter dollar, and dimes and half-dimes were to contain the same proportions of silver; cents were to be coined of the value of the one-hundredth part of a dollar, and to contain eleven penny-weights of copper. Half-cents were to be each of the value of half a cent.

The ratio between gold and silver in all coins composed of those metals was fixed at fifteen to one; in other words, fifteen pounds weight of pure silver possessed the same legal value as one pound weight of pure gold.

The standard for gold coins of the United States was declared to be eleven parts fine to one part alloy: accordingly, eleven parts in twelve of the entire weight of each coin was to consist of pure gold and the other part of alloy.

The alloy was to be composed of silver and copper, the proportion of the former metal not exceeding one-half. The proportion was to be regulated by the director of the mint with the approbation of the president.

The standard established for silver coins was 1485 parts fine to 179 parts alloy. Accordingly, 1485 parts in 1664, parts of the entire weight of each silver coin was to consist of pure silver, and the other 179 parts were to be of alloy composed wholly of copper.

Individuals could bring gold and silver bullion and have the same coined free of expense; the coins were made a legal tender; penalties were prescribed for debasing them, and the money of account was to be expressed in dollars.

The majority in favor of establishing the mint was very close, consisting only of four votes.

Though adopting Hamilton's plan, the control of the mint was given to the State Department, and remained there until Hamilton's retirement from the Treasury office. One of his last official acts was to recommend placing it under the control of the Treasury Department where it belonged. His suggestion was adopted. Its singular misplacement in the beginning was doubtless due to the wishes and influence of Jefferson.

The business of coining had not been conducted long before difficulties were encountered. One of these related to getting copper fit for coinage purposes. Another and still more serious difficulty related to the mint standard of the silver coin, which differed from the legal standard. By the law establishing the mint, it was provided that the silver coinage should contain 1485 parts of fine silver to 179 parts of alloy, or ten ounces, fourteen pennyweights and five grains of fine silver to one ounce, five pennyweights and nineteen grains of alloy. Before commencing operations, it was supposed that the standard thus adopted was too low, and would debase the coin too much, causing it to wear black. The director of the mint, "Henry Wm. de Saussure, presumed that an alteration would be made, which was recommended by its propriety and correctness."

The alteration proposed was that nine parts in ten should be fine silver, the other tenth alloy, or ten ounces, sixteen pennyweights fine to one ounce, four pennyweights alloy in the pound Troy. Supposing that such an alteration would be made, the coinage was begun in October, 1794. The following winter the matter was submitted to a committee of Congress who reported concerning the propriety of making the alteration. The report was favorably considered in one House, but was not taken up in the other. In the meantime the mint continued to use the standard at first adopted as though Congress had made the alteration. Thus for a time the mint dollar contained greater value than the legal

dollar, and was coined contrary to law, though in expectation of what the law would finally be. Instead of changing the law the fineness of the dollar was changed in October, 1795, in conformity with the law already existing. In the meantime silver coin had been coined of greater fineness than prescribed by law, which was an obvious loss to depositors. They received all the silver deposited, but fewer coins than they would have received had the law been observed. A depositor, discovering his loss, asked the Government to pay him the difference as it was caused wholly through the fault of its officers. A committee of Congress reported favorably on the claim, but Congress declined to act, fearing that all depositors would make similar claims, and thus subject the Government to a new burden which it could not easily bear. Thus the early history of the operations of the mint was peculiarly unfortunate. Had the legal standard been followed the difficulty would have been averted; but the departure therefrom was made on the weightiest grounds, and what Congress should have done was to adopt the standard proposed by the director of the mint.

Other difficulties arose. Notwithstanding the efforts of those directing the mint to manage it with economy and efficiency, it proved to be a very expensive institution. Not a few complained of these things, which were neither to be foreseen nor expected. These complaints were not due to any lack of capacity in the management of the mint itself. The heavy expenses incurred were the result chiefly of the principles on which it was established. Not only did the original cost of the works and the salaries of the officers fall on the public, but also the whole expense of workmanship, with the alloy, mintage, and contingent losses. The want of experimental knowledge in the business prevented any accurate estimate of the expenses necessarily attending the business, while the undertaking had not gone far before it was found that a melter and refiner were required. Besides, in the beginning, no charge could be made for the process of melting and refining to depositors; the whole expense, therefore, was borne by the Government. Hence, in assaying one deposit of 96,000 ounces of silver bullion, it proved to be 24,000 ounces under standard, to refine which, it cost the United States more than $500, so that the depositor really gained that sum by bringing his bullion to the mint. This operated very unequally among depositors. The citizen who brought bullion in such a debased state to the mint received as much coin for the standard silver therein as the one whose bullion had been previously refined equal to the standard, and therefore ready for coining, an operation conducted with little expense. Moreover, the lack of capital either to purchase the precious metals in bullion, anticipate payments due to depositors, or coin for the public,

was another cause of very considerable expenditure. Depending wholly on depositors for the precious metals, it became necessary, for their encouragement and satisfaction, to coin every deposit as soon as possible after it came to the treasury of the mint, to prevent it from remaining unproductive to the depositor. It was necessary for the clippings and grains to be melted and coined often three or four times for a single deposit. Thus, the melting, refining and coining of a deposit of 200 ounces of silver or twenty ounces of gold would cost the public nearly as much as 1,000 ounces of either, and a much greater proportional wastage. Had the bullion been purchased for the public at the market price and kept in the vaults until the collection of a large quantity for a single coinage, or had a capital been allowed of perhaps ten thousand dollars to the mint to anticipate payments to depositors, without resorting to an immediate coinage on every occasion, a very great saving would have been effected, not only in respect to wastage, but also in the expenditure of the materials and labor used in the process, while no loss would have occurred to the United States save the loan of the money for a short time. The gains to the Government would have been ten-fold greater than the loss. Besides, such a practice would have had a tendency to fix the price of bullion, and indemnify the public for some part of the expense of coinage.

Such was the policy which it was highly expedient for the Government to pursue. In 1797 a sum was appropriated for the purchase of bullion, thus effecting the economies described and rendering the operations of the mint more satisfactory to those desirous of having bullion coined into money.

In 1795 there was more legislation respecting coinage. The treasurer of the mint was directed to retain two cents per ounce from every deposit of silver bullion below the standard for refining, and four cents per ounce from every deposit of gold bullion, unless it were so far below the standard as to require the operation of a test, in which case the treasurer was to retain six cents an ounce. Nor was he obliged to receive from any one a smaller deposit of silver bullion below the standard than 200 ounces, nor of gold less than one-tenth that amount. The officers of the mint were allowed to give a preference to gold and silver bullion deposited for coinage conforming to the standard adopted by the Government. The next year the law was changed and thereafter, was retained from every deposit of gold or silver bullion below the standard enough to pay for refining it.

ALBERT S. BOLLES.

THE LAST INTERNATIONAL MONETARY CONFERENCE.

[TRANSLATED FROM THE REVUE DES DEUX MONDES.]

It is needful to speak again of the monetary question: First, as to the cause of the financial crisis which has existed for four or five months, and of which there has been no adequate explanation; finally, in respect to the recent publication of the proceedings of the last International Conference which was held in the spring of 1881.

We shall first consider the proceedings of the Conference. We may recall that its object was to restore the value of silver, and to regain for it the place which it had formerly filled in the circulation. To that end two things were necessary according to the promoters of the meeting: First, that they should be in accord in their report fixing a ratio between gold and silver, and, after adopting it, that all the nations should agree to reopen their mints for the coinage of silver. It was also necessary that the States, like England and Germany, which now have a single gold standard, should renounce it and be united in the effort to restore the white metal. That was the aim of the Conference of 1881. It was the same withal that was attempted at the one held in 1878, on the request of the Americans. This was not then attained, and it was divided in its policy on the question of adopting a double standard. Would this be more fortunate in 1881, and the circumstances more favorable? It is true that Germany, subsequent to its conversion to the gold standard in 1872, after selling a portion of the silver it had to spare, had stopped the sales for several years. It is true, too, that the silver mines had become less productive. India, also, had absorbed more. Finally the Americans, by the recent adoption of the Bland bill, were seeking to extend the circulation of silver. The circumstances, therefore, appeared favorable, and if these had been controlling in the matter, as we might say, they would have exercised a strong influence, and done something toward restoring the white metal to favor. They have effected nothing; the depreciation of silver has continued, it is quoted the same now, it circulates to-day at 16 for 100. All the States, too, which have the double standard, seem to be getting their share of gold. Austria, Hungary, Italy, in contracting loans, have taken care to stipulate that they would pay in that metal, and Russia exacts it in payment of customs duties. The question, therefore, appears partly solved, if not in law, at least in fact. It was under these conditions that an energetic and intelligent

man ran over Europe and the New World, preaching a new crusade in favor of silver, saying to all, if we would be in accord, nothing would be easier than to put silver into circulation. We suffered ourselves to be persuaded, and the outcome of this prediction of M. Cernuschi was the Conference of 1881.

It is astonishing that America should have countenanced this new meeting, in which she had so great an interest. She is the producer of silver which she employs less and less, and she would not deprive the miners of the outside markets, and especially in the rich countries, which can easily absorb what she has to spare of this metal. We perceived, too, that the other States of Europe which were struggling against paper money, and which desired to get into a better condition, received with favor this new scheme; nor were we astonished that England and Germany were willing to join the conference as simple spectators, in order to see if silver could be employed and used in their reserves. But that France should consent to take the initiative in concert with America, was indeed a surprise, when we considered the financial and monetary situation of our country. They would say that we were embarrassed; there is in the Bank of France a large stock of unemployed silver, and we were hoping to rehabilitate this metal, and to succeed in using and keeping intact, at the same time, our gold. The idea was capital: Can we not give to silver the value which it has formerly had as money? demanded the promoters of the conference; but if it had been declared money, where would it have circulated? A little everywhere, without doubt, but particularly in France, where more gold is used than elsewhere in business transactions. It is a point that we reserve for further consideration.

Be it as it may, the conference assembled and, very naturally the minister of our finances was chosen to preside. He well merited this honor, for from the beginning of his address he did not fear to speak in a very decided way in favor of bimetallism. "To the end that the silver metal," said he, "may recover its former value, it is necessary that it should pass freely by the side of gold;" and he added a little further on: "We hope after the discussions that shall take place here that it will be demonstrated, by the data of theory and by the facts of experience, that international bimetallism is the only system which is powerful enough to regulate money in all parts of the world. It may be said that this expectation was not fully shared by his colleague, the honorable Mr. Barthélemy Saint-Hilaire who, as minister of foreign affairs, had opened the conference He showed himself to be very reserved, evidently remembering the opinions that he had previously defended at the time of the noteworthy inquiry in 1869, to which he had re-

mained faithful. Moreover, other members who had brought illusions to the conference did not keep them very long, for, at the second meeting, the German delegates made a declaration which was of a nature to dissipate these. "We acknowledge," said Baron Thielmann, "that the rehabilitation of silver is desirable, and that we can, by the free exchange of it in a certain number of the most populous States represented in this conference, attain that result. Nevertheless, to Germany, where the monetary reform is so far advanced that the general situation does not seem to invite a change of the system, and one so great to bear, we cannot concede so much for the sake of establishing the free exchange of silver." For his part, the English delegate, after having expressed his views in favor of the rehabilitation of silver, the depreciation of which had caused a heavy loss in the Indian empire, thoughtfully added, "that, notwithstanding, the British empire would not change its system, and would resolutely keep to the gold standard. For more than sixty years," added this delegate, "the monetary system of the empire has rested on a single gold standard; this system has satisfied all the needs of the country without causing the inconvenience which has been manifested elsewhere and in other countries. For these reasons it has been accepted by all parties and by the nation; the government of her Majesty is not able to enter into a conference for establishing a double standard." After this double declaration the conference should have dissolved. It was very evident that it had nothing to do, and that it was not able to restore silver to its former value while the doors were shut against it in two of the principal States of Europe, one of which, England, was the most powerful in a commercial point of view, and transacted a vast amount of international business. Nevertheless, as the members had come from different parts of Europe and America, perhaps rather late, to discuss the monetary question, and that it would be pleasant to prolong their stay in Paris, the conference continued to meet just the same and debate for the sake of the principles it had at heart.

An excellent address was delivered at the second session in favor of a single gold standard, by Mr. Pirmez, delegate from Belgium, by Mr. Broch, delgate from Norway, and by Mr. Burckhard-Bischoff, delegate from Switzerland. Mr. Permiz especially seemed to exhaust the question the first time that he spoke, and no one ever replied to him in a conclusive manner.

We will mention among the speeches on the opposite side, those of Messrs. Cernuschi, Denormandie, and Dumas, delegates from France; of Mr. Luzzatti, delegate from Italy; of Mr. Dana Horton, delegate from America. But these latter discourses, however skillful they appeared to

be, were stamped with weakness owing to the opposition of Germany and of England. Not, indeed, that considerable efforts had not been made to overcome the inflexibility of the first of these nations. If we had only had Germany with us, we could perhaps have moved onward, in spite of the opposition of England, in the belief that she could be won over afterward. In order to overcome the opposition of Germany, the conference was going to offer to reimburse the expense that she had incurred in changing from one monetary system to another, the silver standard for the gold standard, the cost of which exceeded largely 100 millions of francs; the other countries, in view of the great benefit that would result to them from the return of Germany to bimetallism, were to be assessed for this sum. This proposition, it is true, was not a great success: First, because it was too fanciful, nothing justified it; finally, because no consideration of this nature would have led Germany to depart from her monetary system. It was necessary, therefore, to give up the presentation of this inducement to her.

The majority of the defenders of the double standard found the causes of the depreciation of silver in minor considerations; they attributed it to the adoption of the gold standard by Germany in 1872, to the stoppage of the coining of silver in consequence of forming the Latin Union, that is to say, in France, Belgium, Italy, and Switzerland. These causes have had some effect, but they are only temporary ones; the principal cause, in the light of which every other may be set aside, is the aversion of the public for the white metal. There are only two questions for us to answer. Is silver, to day, taken with the same willingness as formerly? Evidently not. Is not gold, which has replaced silver in circulation, better suited to the taste and the wants of modern people, and especially in rich countries? Certainly it is. This being so, what shall we do? Instead of bringing these questions to the front, as the conference should have done, it was pleased to say that all the harm had come from those who had declaimed too loudly of the advantages of gold money. These were the economists especially, and, furthermore, were those who formed public opinion, which could at least be redressed in a universal agreement; if all nations would consent that silver be valued as heretofore, that is be coined freely according to the old rule of 15½ to one, the problem would be solved. And then, seeing from after discussions, more or less elaborate, how easy it was to declare that it was law which, after all, fixed the value of the precious metals, and that if it was said that this was an arbitrary act on the part of the legislature—the conference responded that all law was arbitrary, not always representing perfect equity, and that meanwhile we were bound to

submit. Finally, in hearing this discussion, we might believe in the return of the real middle ages, the time when sovereigns labored to diminish their burdens, or the weight of their money, while pretending to preserve its value in virtue of the principle that money emanated from them, and that it was for them to determine its price. Some excess of discussion was occasioned when the conference entertained erroneous principles and was compelled to decide them.

They were not more embarrassed for a reply to those who said that the gold money of to-day is the money of civilized people. They asked if Plato and Aristotle, who only used silver, did not live in a civilized country; and if the Germany of Goethe and Schiller, who were acquainted only with the white metal, was not as good as that of Messrs. Bamberger and Soetbeer, who preferred to employ gold. We are astonished that the conference was content to amuse itself with such useless parallels. When we speak of civilization in respect to the use of the precious metals, it is very evident that it is not a question of the civilization represented by the great men, the great philosophers and the great poets, but the civilization which is born amid the general development of riches, the perfection of modes of communication, and the multiplicity of transactions, and which requires instruments of exchange in harmony with this progress. Aristotle and Plato were great men surely and represented in themselves a very high order of moral civilization, but the Greece in which they lived had neither riches nor were its mercantile transactions comparable to those which exist among modern people; consequently, silver money was able to suffice like iron money in the earlier ages of history.

The same thing may be said of Germany. Goethe and Schiller were assuredly greater men than Messrs. Bamberger and Soetbeer; but the Germany of its first men is not that of the latter; it had not built railways as it has to-day, and the transactions of the former time were infinitely less numerous. It is not among the intellectual summits of different epochs that comparisons should be made, in order to judge of the state of civilization and appreciate the necessity for the precious metals; we may put ourselves in their place and ask ourselves if that which was good enough for our ancestors in their age of less development would be sufficient for us to-day with the vast expansion of our business.

I would not abuse this historical allusion, but the comparison of the present with the past comes up to the mind whenever we think of the subject. Our ancestors had no other means of transport than chariots and diligences, and these sufficed them. Would these suffice us who know of railroads and all the improvements that have accompanied them? Our ancestors knew only of lighting with oil, which

has slowly been replaced with gas light. Ah, well! we may exclaim, after the splendid results which were manifested at the last electrical exposition, is gas-lighting the last improvement, and can we hope for nothing better? All progress in the material world is to be somewhat regretted, since that in the political and moral world for a time is arrested, almost to recoiling; each day we aim to discover new agencies better adapted to our wants and to lay aside those which apparently satisfied us before. We may ask if Plato and Aristotle knew of credit as we practically know it, if it was then necessary; if Germany had in the last century all the financial institutions of which she boasts to-day. It is the same in regard to the precious metals. Although silver sufficed there for a hundred and even fifteen hundred years, it does not suffice for the present hour. Progress cannot remain still, it must advance. The discoveries which are the most marvelous within fifty years are the railways, the electric telegraph, and the rich gold mine; these are not merely put together, they are necessary, the one to the other. Suppose that one of the three should fail, that the railways should be managed without the aid of the telegraph, or that the first two should have appeared before the bountiful supply of gold, evidently progress would not have been what it is to-day; silver, notwithstanding the perfection of credit, cannot suffice for our new needs. The simultaneousness of these discoveries has truly been a providential ordering.

We would acknowledge the benefit, but is that a reason for rejecting silver; we are willing to admit that there is as much need for the two metals as for the grandest improvements, only it is necessary to make them circulate together. This we have never seen; always one has remained in circulation in preference to the other, sometimes silver, sometimes gold, according to circumstances. The conference pretended to belittle gold by shutting it out and demonstrating that it was too ambitious in seeking to be employed in all transactions; it was allowed a place at least equal to silver, from necessity; we knew that all nations were compelled to use it. This recalls somewhat the cry of Galileo, *E pur si muove;* were they able to respond for gold? to say, "It is useless to fall back on the law which cannot be effective, you cannot change anything; gold will always be preferred to silver, and will remain the principal instrument of payment." Only, there was this with the judges of Galileo, who, condemned a great man and declared the earth immovable, they did not change the celestial revolutions, and simply did wrong to themselves; here the damage would not only affect the honor of those who should enact a similar law, but still more the States where it should be applied. It would cause immense trouble from which we would not soon recover.

Having shown what was the chief object of the conference, we shall continue to analyze the other proceedings and give in the end an account of the result at which it arrived. We repeat, after the declaration, so clear and so formal, of the delegates of Germany and England, there was nothing to do in the way of accomplishing the principal end for which the conference assembled.

Universal accord on the report of fifteen and one-half of silver to one of gold, and free exchange in all countries was impossible; if we would succeed in anything, it was necessary to undertake the solution of less important questions. It was with this idea that we proposed to replace with silver all the issues of paper money below twenty francs, all the gold five-franc pieces, five marks, and those of ten francs, ten marks and ten shillings; in this way we would utilize for making change a large amount of silver metal, making common usage a monetary principle, and its depreciation might perhaps be made up. This proposition was presented with ability by the Russian delegate, Mr. Thoerner, subsequently by Mr. Broch, delegate from Norway, and defended by Mr. Dumas, one of our French delegates. It was not put to vote properly speaking, because, until the end, the conference was hoping for something better, but nobody combated it. It was put aside then for the final meeting, that assembled shortly afterward, it is true, for accomplishing the delivery of a mouse; but, this mouse would not have been wholly useless. It is evident that the paper money below twenty francs is a bad thing, and a disagreeable expedient for the States which are obliged to have recourse to it. It is not less evident that the pieces of five francs or five marks are not liked by the people; they seem too small, they are lost and wear away very quickly; we could withdraw them from circulation with advantage. As for the ten-franc piece, ten marks, and ten shillings, they wear also very rapidly. We reckon that the sovereign does not seriously change for twenty years, though in constant circulation, while a half sovereign loses its legal weight in about ten years. This fact was carefully verified several years ago by Professor Jevons, of England; but these pieces are very acceptable to the public, and they are useful. The question was finally reserved, and, in the meantime, the conference, having engaged in a profitless discussion for three months, seeing that it could do nothing, separated, and left to diplomatic negotiation the task of better preparing the ground for a new meeting in April, 1882. Yet, before separating, the following note was proposed by the Governor of the Bank of France, Mr. Denormandie. "The conference considering that the declarations made by the different delegates were in the name of their governments, it may be confidently believed that a cordial understanding could be established be-

tween the States which have taken part in the conference, but it was fitting to suspend it; that, in fact, the monetary situation for several States justifies the intervention of the public powers; that for the present there is room for diplomatic negotiations; and that the conference adjourn until Wednesday, April 12th, 1882." This may be called an order of the day for saving the honor of the conference.

VICTOR BONNET.

HOW SETTLEMENTS ARE MADE AT THE BOURSE.

Since the not unexpected collapse of speculation at Paris, and the difficulty of making settlements at the Bourse, the inquiry has frequently been made, how are the Bourse setttlements effected? Before attempting to answer the question, a short explanation of the Bourse itself is needful.

This institution is composed only of sixty members. A membership is worth at present about $350,000. A seat is usually bought by a firm or company, one of whom represents them at the exchange. Each member must deposit with a committee of the Board, and with the Government, sums equal to 500,000 francs, or $100,000 as *cautionnement*, or a guaranty fund for the protection of the customers of the broker or *agent de change*; and by law no one of these sixty members can do business for his own account.

The following account of making settlements is derived from the New York *Evening Post*. These are made twice a month for all securities except Rentes, and each covers several days, in place of being made on one day every fortnight, as in London, or every day as at the New York Stock Exchange. One settlement in Paris begins on the first day, and the other on the fifteenth day of every month. The settlement at the beginning of the month extends through five days, exclusive of the day of declaring what is called the "option," which is the last day of the next preceding month. The settlement at the middle of the month takes a day less, because there are no accounts in Rentes then maturing, all transactions in these being settled, as said, only once a month.

The first day of the settlement is what is called the "carrying" day for rentes.

The second day is called the "carrying" day for all other kinds of stocks. It perhaps should be said that it is called carrying day because then the buyers and sellers agree on a rate at which the transactions shall be extended or carried to another settlement, and that rate is called the "report."

The third day is called the "resting day," and it is then that the clerks of the sixty stock brokers "compare" transactions made during the month, and strike a balance of what each broker owes the others. This system is a combination of the plan here of making comparisons between brokers, which is done here at the close of each day. and of our Clearing-house method of settling differences between the banks.

On the fourth day the customers of the brokers pay to the latter whatever they may owe on the transactions of the month either as differences or in full for such stocks as they wish to take up. It

should be said that at any time during the interval between the periods of settlement the buyer of stocks has, according to law, the right to demand delivery of the stock which he has bought on a tender of the cash he has agreed to pay for the stock.

On the fifth day each of the customers of the sixty stock brokers must, if he has not already done so, pay to the latter the amount which he owes; and each of the stock brokers must in turn pay into the Bank of France to the credit of the *Syndicat* (which is a committee of the official Board of Brokers, in some respects like the old Gold Exchange Bank here when we were dealing in gold) whatever may be the balance which he owes to the other fifty-nine members of the Board. The rule respecting these payments is most stringent. It requires that they must be made as between the sixty brokers, one to the other, at or before twelve o'clock, noon, on the appointed day; the penalty for each fifteen minutes' delay after 12 o'clock is 10,000 francs, or $2,000. If the delay extends an hour, or until one o'clock, then the broker is declared bankrupt or to have failed. It is on this day that the crucial test of the solvency of the broker is applied. . . . After 12 o'clock on the fifth day of the settlement the committee to which we alluded, or *Syndicat*, pays by check on the Bank of France whatever is due to each stock broker who is a creditor in the settlement. On the same day the stock broker distributes the money so received among his creditor customers.

On the sixth day the stock broker delivers to his customers the stocks which they have paid for, at the latest, on the morning of the fifth day, each customer surrendering a ticket which the broker had given him as evidence of his payment. It will thus be seen that the French settlement is a protracted but very methodical process.

ROMANCE OF BANKING.

Banking has its romantic as well as its prosaic side. Those who think otherwise can profitably read the following historic incidents which are drawn from a recent number of *London Society:*

A whole volume might easily be devoted to the history of the Bank of England. Of that dreadful December of 1825, Mr. Harman said: "The timely issue of the one-pound notes worked wonders, and it was by great good luck that we had the means of doing it; for it happened that an old box, containing a quantity of one-pound notes, had been overlooked, and they were forthcoming at the lucky moment. This, as far as my judgment goes, saved the country." The state of affairs is thus described by the Deputy-Governor of the Bank: "On Monday morning the storm began, and till Saturday night it raged with an intensity that it is impossible for me to describe; on the Saturday night it had somewhat abated. The Bank had taken a fierce and deliberate resolution to make common cause with the country, as far as their humble efforts would go; and on Saturday night, it was my happiness, when I went up to the Cabinet, reeling with fatigue, to be able just to call out to my Lord Liverpool, and to the members of his Majesty's Government, then present, that all was well. Then, in

the following week, things began to get a little more steady; and by the 24th, what with the one-pound notes that had gone out and other things, people began to be satisfied; and then it was, for the first time in a fortnight, that those who had been busied in that terrible scene could recollect they had families who had some claim on their attention."

The history of panics would be a very curious one, and not reflect very much credit on panic-stricken communities. Sometimes bankers themselves have closed their doors in a fit of panic. Thus we read: "The complexion of the larger accounts, three or four of which were a great deal overdrawn, so alarmed Mr. Crewdson that he insisted on winding up. Nothing availed, and he closed the doors. There was no failure for stoppage, no rumor of anything wrong; the business was simply discontinued; every demand was met; every account discharged in full." Another remarkable incident of a similar kind was when the Consolidated Bank stopped in May, 1866. The bank was at the time perfectly solvent. The *Times* said it was "one of the most extraordinary errors ever committed by men of business intrusted with the property of others." After six weeks' suspension the bank was reopened, every demand being met, with interest. One bank was lost in a very curious way. Two of the directors went up to the Bank of England, and took with them one hundred thousand pounds in securities in a carpet bag. In some extraordinary way the valuable bag was lost. It was recovered, indeed, with the precious contents untouched; but in the meantime an irreparable mischief had been done. It is said that when there was a run upon the Bank of England in 1765 the device was resorted to of paying the country people in shillings and sixpences. One acute Manchester firm painted all their premises profusely, and many dapper gentlemen were deterred from approaching the counter. A story is told of Cunliffe Brook's bank. When there was an impetuous and unreasoning rush for gold, Mr. Brook obtained a number of sacks of meal, opened them at the top, put a good thick layer of coin upon the contents, then placed them untied where the glittering coins would be manifest to all observers. One bank procured a number of people as confederates, to whom they paid gold; then slipped round again to a back door and refunded it, and thus the effect of a stage army was produced. At another bank the chief cashier himself examined every note with the most searching scrutiny, holding it up to the light, testing the signature, and making believe that, on account of alarm as to forgery, there was need of the most scrupulous care. When he had completed his pretended examination, he handed the note to one of his subordinates very deliberately, with, in slow and measured terms, "You may pay it." Other plans were to pay the money very languidly, counting it twice over, so as to be sure the sum was right, and to give a sovereign short, so that the customer should complain and the counting have to be done over again. At one of the banks peck measures inverted were placed in the windows, facing the street, a pile of gold upon the top, after the manner of the fruit exposed to sale at street corners in the summer. At another the coin was heated in shovels over the fire in the parlor behind, and handed out as "new" at a temperature of 300° Fahr. The clerk in charge, accommodating his phraseology to the occasion, cried out loudly every half-hour, "Now, Jim, do be gettin' on with them sovereigns—folks is waitin' for their money." "Coming, sir, coming," was the ready reply; and the "folk" thought the power

of production boundless. It is always the simple-minded and the uninformed who constitute on such occasions the chief portion of the throng, just as the people who go to extremes are the half-educated ones. The crowd were easily persuaded—the proof that all was right was burning their fingers.

I do not know what bankers Disraeli meant by the Neuchatels. I do not say that he ever intended us to know. He drew his portraits, and would blur them at once with the deliberate purpose of making them indistinct. In some respects the Neuchatels are like the Rothschilds, but in others like the Thellussons. He speaks of the jewels and treasures deposited with the Neuchatels at the time of the French Revolution by alarmed proprietors and capitalists in other European States. "The Neuchatels thus had the command for a quarter of a century, more or less, of adventitious millions. They were scrupulous and faithful stewards; but they were doubtless repaid for their vigilance, their anxiety, and often their risk, by the opportunities which these rare resources permitted them to enjoy." Disraeli showed the nation the kind of banking operation by which such people as the Neuchatels make their money. When he bought for the country the shares in the Suez Canal the Rothschilds advanced the necessary millions; and for this operation, which did not involve the slightest risk, they received more than eighty thousand pounds. The great statesman, at the same time, did a fine financial stroke for his country, worthy of any banker; for Mr. Gladstone was able to state in the House of Commons lately that those four millions were now worth double the money to the country in the open market.

The firm of Jones, Loyd & Co. has a very romantic history. This bank is now amalgamated with the London and Westminster. It may be said to have commenced in a love affair between a young Dissenting minister of Manchester and the daughter of a leading member of his congregation. Mr. James Loyd preached so eloquently in his Welsh chapel that Mary Jones fell in love with him. Her father was a great man at the Welsh chapel, being both banker and manufacturer. On one occasion he, or some other merchant, was so pleased with the young preacher, that he presented him with a five-pound note; and the minister, in thanking him, said he would be happy to pray for him on the same terms every Sunday morning. The young people, fearing that the father's consent could not be secured, were secretly married. The father-in-law was reconciled to them; but he thought that he could do a better thing for his new son-in-law than let him continue in the preaching business. Nonconformist ministers have a great advantage over the Anglican clergy, in that they may go into trade or business, or sit in Parliament if elected. Mr. Loyd became his father-in-law's partner, and went to London to open a metropolitan branch of the business. He proved to be the very man for a banker—eminently sagacious, clear-headed, and honorable. The Manchester firm regularly drew on the London firm; and for some years "Jones upon Jones" was a well-known commercial phrase. For many years he was the head of the business, which was transferred in 1864 to the most wealthy bank in the country, the London and Westminster, that led the way in those joint-stock enterprises which Sir Robert Peel declared formed one of the greatest discoveries of modern times. In 1844 Lewis Loyd had purchased Overstone Park, four miles northeast of Northampton—a thousand or fifteen hundred acres—where he resided until 1858. He bequeathed

three millions of money, the result of banking and of successful speculations in Government stock. He left an only son, Samuel Jones Loyd, who was, two years afterward, made Lord Overstone. This nobleman is the greatest living authority upon the subject of banking. An interesting letter from the present Lord Overstone, written soon after his accession to the business, has found its way into print. He gave the clerks of his establishment a present of a thousand pounds. Very often the faithful servants of a bank have a kind of feudal loyalty to their chief. The bankers, indeed, have done good service in discrediting the miserable idea of their clerks being so many "hands." They have shown examples of that best kind of co-operation, where the chiefs and dependants work harmoniously together, often meeting in neighborly fashion at the great man's house; and the instances are not rare in which the faithful servant, who recalls Eliezer of Damascus, has been admitted as partner into some share of the business which has largely prospered under his care.

The house of Coutts & Co. has a very interesting history. A very great banking heiress is the Baroness Burdett-Coutts, whose recent marriage with Mr. Ashmead Coutts-Bartlett excited so much attention. The kindly and popular Baroness is—or was until recently—the head of the great banking firm of Coutts & Co., and was popularly supposed to draw a hundred thousand a year from the business. Mr. Coutts married for his second wife Miss Mellon, the actress, to whom he left his entire fortune—about a million of money. Mrs. Coutts, left a widow, married the Duke of St. Albans; but in her marriage settlement, this vast fortune was left entirely in her own power. She thought that she would best carry out the wishes of her husband, who had made the money, by bequeathing it to his favorite granddaughter, Miss Angela Burdett, daughter of the famous Sir Francis. An infinite amount of this money "has wandered, heaven directed, to the poor." Child's Bank was once represented by a lady who became Countess of Westmoreland, and afterward by her daughter, who became Countess of Jersey. On certain state occasions Lady Jersey dined with the bank officials, and took the head of the table. Old Coutts heard one day at a dinner party, from the manager of a city bank, that a nobleman had applied to his house for the loan of thirty thousand pounds, and had been refused. At ten o'clock at night he started for the peer's house and saw his steward. He explained his business, and said that if the nobleman would call upon him the next morning he might have whatever he wanted. On the next morning, when the noble lord called at the bank, Mr. Coutts handed him thirty notes of a thousand pounds each. "What security do you want?" asked the peer. "I shall be satisfied with your note-of-hand," was the reply. This was given; and the nobleman said, "I shall only want for the present ten thousand pounds of the money; so I will leave twenty thousand pounds with you, and open an account." Some time afterward the nobleman sold an estate for two hundred thousand pounds, which he deposited with Coutts. Nor was this all. He told the anecdote to his friends, and also to George the III. The King was so impressed with the story that he himself deposited a large sum with Mr. Coutts. The King withdrew his patronage, however, when Coutts supported Sir Francis Burdett in his contest for Middlesex with immense sums, and transferred his account to another banker, who failed; and we cannot help thinking that in this instance his Majesty was served quite right.

The Barings have been among the most famous of English bankers. They are of German stock. There is a kind of ecclesiastical flavor about them. Their English founder was a Bremen pastor, who settled in this country. His grandson married the niece of an English archbishop. One of his descendants became Bishop of Durham. The money was originally made in the rich profitable clothing business of the west of England. Going into the old-fashioned church of the pleasant Devonshire town of Ashburton one day, we were greatly interested by the Baring monuments. Ashburton gave a title in the peerage to the chief of the house of Baring. It has been a rule in the house that when any one of them has got a title he goes out of the business. Sir Francis Baring, the first great banker, who, dying in 1810, left a fortune of two millions, had three sons—Thomas, Alexander and Henry. Thomas, succeeding to the baronetcy, gave up the business. Henry had rather a romantic reputation as a lucky gambler, who was frequently able to break the bank of a gambling table. He was the amazement of beholders when he would sit down at a gambling table at the Palais Royal—before such tables were happily abolished—with piles of gold and notes before him. The reputation of a successful gambler was hardly suited to the intense respectability of the firm, and Mr. Henry was induced to retire from the business. Alexander Baring, often known as "Alexander the Great," sustained and extended the fortunes of the house. He went to America; and there the richest banker in England married the daughter of the richest citizen of the United States. One of his gigantic transactions possesses an historical importance. After the conclusion of the great European war he paid down a sum of £1,110,000. by which France was freed from the occupation of Russian, Austrian and German armies. "There are six great powers in Europe," said the Duc de Richelieu—"England, France, Russia, Austria, Prussia, and Baring Brothers." In 1835 he was made Lord Ashburton. Two of his sons held the title, and each successively retired from the business. The head of the firm, Thomas Baring, became Chancellor of the Exchequer in Lord Melbourne's Ministry; and another member, Lord Northbrook, has been Governor-General of India.

The account of the fortunes of the Barclay's Bank is very interesting. They are descended from the famous and intrepid Quaker, whose apology for his order is one of the most celebrated of our severer classics. David Barclay, a linen draper in Cheapside, established his brother Robert as a banker in Lombard Street. That house in Cheapside was a famous one in its day; it was the house from the windows of which members of the royal family used to watch the procession on Lord Mayor's Day. This was the case with no fewer than six reigning sovereigns, from Charles II to George III. The son of the famous Quaker had received the first three Georges. There is a very pretty letter in existence from a daughter of David Barclay, describing the reception of the royal family in the counting-house, which had been turned into a parlor. Another version of the Barclay connection with royalty is that the King went in state to the city on a Lord Mayor's Day, and one of the horses of the royal carriage became quite unmanageable in Cheapside, opposite the shop of Barclay, the linen draper. The worthy Quaker, perceiving this, descended into the street, and said, "Wilt thou alight, George and thy wife Charlotte, and come into my house and view the Mayor's show?" When the King left his house he said,

"David, let me see thee at St. James's next Wednesday; and bring thy son Robert with thee." When David Barclay and his son Robert approached the royal presence, the King descended from his throne and gave his Quaker friend a hearty shake of the hand. The King asked David what he intended to do with his son, and said: "Let him come to me, and I will provide him with honorable and profitable employment." "I fear the air of the court of your Majesty would not agree with my son." "Well, David, well, you know best, you know best; but you must not omit to let me see you occasionally at St. James's." The banking proved as honorable and profitable as any employment which the King could have given. It may be said that the Quakers seem a people of peculiar aptitude for banking. They support each other, and also win much public support. The firm of Thellusson was a very famous one.

This was, we believe, the firm which Dickens had in mind, in the Telfson bank, in his *Tale of Two Cities*. This bank had a very close connection with Paris. An immense number of the customers were French. Peter Thellusson had belonged to the Paris firm of Thellusson & Necker; this Necker, first clerk and then partner in the business, being the great financial Minister, whose wife was the first love of Edward Gibbon. He migrated to London, and established a bank, which grew up to vast proportions in connection with the Paris house. The will of Peter Thellusson is one of the most memorable of legal documents. After leaving modest fortunes to his wife and sons and daughters, he directed his property to accumulate until their descendants should become, under certain conditions, the most opulent of private individuals. Failing such descendants, the money was to go to pay off the National debt. It is only fair to say that we have heard of an explanation which would go a considerable way towards giving a different version of Thellusson's character and bequest. Many of his customers were *emigres*, or unfortunate nobles who had perished by the guillotine in Paris. Great obscurity hung over the fate of many, and it was uncertain how far they or their representatives might turn up to claim deposits. Thellusson's desire was that there should be abundant funds to satisfy every such claim to the utmost. On the other hand, it may be argued that it was simply the design of the old banker to make the ultimate possessor of his bequest the richest man in the world. He was to have inherited at least twenty millions. The annual income, however, was pretty generally divided among the lawyers; and an act of Parliament has rendered any such accumulations very nearly impossible.

A few great banks have fallen victims to the predominant influence of some daring speculator, who has persuaded the proprietors to stake the credit of their house on some visionary scheme. Many extraordinary advances in enterprise and social improvement have been made through the liberality of bankers; but in some instances they were before their time, and in others they were altogether unfortunate. We may mention one instance which has its place in railway history. Ravenscraft, the banker, advanced enormous sums on a scheme for running steam carriages on ordinary turnpike roads. £100,000 was spent in developing this idea, but it all came to nothing. The experiments were made at midnight, to avoid observation; but they carried consternation and dismay into the neighborhood. On one occasion an engine dashed through a hedge into a turnip field, where it lay for several months, for no one claimed it during that time. The road engine attained the speed of eighteen

miles an hour; but the noise was voted a nuisance, and in addition to their heavy losses the promoters were subject to constant threats of prosecution. Both the scheme and the bank that supported the scheme utterly collapsed. In an old history of banking we met with a list of schemes that in their day had received financial support. They were often of the most extravagant and insensate kind. They seemed to exhaust the possibilities of human error in practical, or rather impracticable, matters. These, however, after all, are only excrescences in the immense body of sound business men, of that people whose merchants are princes, and their traffickers the honorable of the earth, and that writes on the pediment of the greatest Exchange in the world, "The earth is the Lord's, and the fullness thereof."

CURRENT EVENTS AND COMMENTS.

COST OF THE RAILROAD WAR.

An instructive statistical estimate of the gross results of the present famous railroad war has been made by the *Commercial and Financial Chronicle* of this city. Five roads have been engaged in this determined warfare of rates, namely: the Central, the Erie, the Baltimore and Ohio, the Pennsylvania and the Grand Trunk. The total gross earnings of these lines amounted in 1880 to $121,000,000, and last year, in spite of all the cutting and slashing of rates, the total rose to $126,500,000. The net earnings for 1880 were over $50,500,000, and about $48,250,000 for last year. All the railroads in the United States earned a net amount of $255,193,436, their gross earnings being $615,401,931. Thus it is found that the four trunk lines within the United States earned in 1880 more than one-sixth of the total revenues of all the lines, a fact which demonstrates at once their commanding position and influence among the railroads of the land. The loss of $2,250,000 shown in comparing last year's gross earnings with those of 1880 is not regarded as very unfavorable, as the falling off is less than five per cent., and the operating expenses were higher than in 1880. Compared with the totals for 1879, the increase in favor of 1881 is $9,123,597. The Central road, which, according to the estimate in question, is the only one which shows a decrease of gross earnings, suffered to the extent of three per cent. loss only. The Pennsylvania is found to have a large increase, while the Erie's total gross earnings are $2,022,497, the latter road thus leading all the rest in respect to the percentage of increase of earnings. The Baltimore and Ohio also records an increase, although it amounts to less than one per cent. It has been commented upon as a noteworthy point that the latter road and the Central, which have waged battle with each other with the greatest bitterness, apparently suffer most from the conflict. The figures of the Erie earnings, previously referred to, do not indicate the loss suffered by the war of rates, as its gains in coal traffic neutralized the loss otherwise entailed and incurred. And but for this piece of good fortune it would have had to report a considerable loss in net earnings. The Grand Trunk line increased its gross receipts about seven per cent, and its net earnings vary less than one per cent. from those of 1880, when there existed no warfare to upset the scale of rates and call for the diamond-cut-diamond policy of sweeping reductions.

COMPARATIVE VIEW OF POPULATION AND WEALTH.

The Wealth, Debt and Taxation Division of the Census Office has shown that the net State and local debt (after deducting the sinking funds) of the United States was, in 1880, $1,054,864,962. Assuming that the assessed value of the property comparatively represents the wealth of the country, it is interesting to compare the population, assessed wealth and debt of the five geographical divisions. The following table shows the total population, valuation and per-capita valuation of the New England, Middle, Southern, Western and Pacific States and Territories:

	Population.		*Valuation.*		*Per capita.*
New England States.........	4,010,438	..	$2,499,113,899	..	$623 15
Middle States................	11,756,503	..	5,316,699,137	..	452 24
Southern States..............	15,254,115	..	2,226,144,381	..	145 94
Western States (10).........	17,229,810	..	5,532,159,699	..	321 09
Pacific States and Territories.	1,902,000	..	683,946,984	..	359 59
Total..................	50,152,866		$16,258,064,100		$324 16

The New England States show the highest per-capita assessed valuation, while the Southern States, in which section it is a well-known fact that property is assessed very far below its real value, are the lowest, $145.94 per capita. The Western and Pacific States and the Territories each run about the same, and the Middle States over $450 per capita. The net debt of the country is distributed as follows:

	Net debt.		*Per capita.*
New England States.............	$163,871,552	....	$40 08
Middle States....................	418,823,225	....	35 66
Southern States..................	218,979,347	....	14 35
Western States..................	227,950,328	....	13 23
Pacific States and Terriiories	25,240,510	....	13 27
Total......................	$1,054,864,962		$21 03

As might be expected, the highest per-capita debt is found, with the highest per-capita wealth, in the New England States, though in the matter of debt the Middle States are not far behind their neighbors in New England. The per-capita debt in each of the other three geographical sections is about the same.

SUPERIORITY OF AMERICAN GOODS.

Respecting the world's cotton manufacture, recent trustworthy statistics show that there are about 71,000,000 spindles and 1,511,000 operatives in the principal countries; and it also appears that while one English operative runs eighty-three spindles the American operative runs sixty-four and a half, the French operative about twenty-four, the German operative thirty-nine, while the Russian operative runs nineteen. The United States, with about one-fourth the number of spindles running in the United Kingdom, and with 181,000 operatives against 500,000 British operatives, is credited with a production, the value of which is more than one-half that of the United Kingdom, although in piece goods the American output was only as one yard to about two and one-half yards of British. The annual consumption of raw cotton by the mills of the United States amounts to 724,800,000 pounds, or more than one-half of the consumption of the British mills in 1880. Every American spindle consumes sixty-six pounds of raw cotton, while each British spindle consumes only thirty-two pounds. Every yard of American plain piece goods, therefore, represents in value more than one yard of

British goods of similar style, and undoubtedly contains more than that relative quantity of pure and solid material when compared with the British goods. While, therefore, the value of the output of the American mills may be more than one-half the value of the output of the British mills, the output in yards need not hold the same relative position for reasons given.

CONSUMPTION OF WOOD.

More than 65,000 establishments, employing 400,000 persons and using material to the value of over $ 350,000,000 a year, are engaged in the United States in manufacturing articles entirely from wood, in addition to more than 8,000,000 persons partly employed on wood or using that material yearly to the value of $ 6,000,000. No country can be or ever has been despoiled of her timber and flourished. An article in a recent issue of the *Northwestern Lumberman* gives the following table of the number of acres of forests in many of the States and the estimated value per acre in each case:

State.	*Acres.*	*Average Value.*	*State.*	*Acres.*	*Average Value.*
Maine	10,000,000	$ 12 62	Michigan	not given.	$ 20 27
Vermont	1,386,934	17 75	Wisconsin	not given.	19 45
Massachusetts.	930,402	43 25	Minnesota	not given.	12 25
Connecticut	not given.	24 50	Iowa	2,312,659	39 36
New York	not given.	40 88	Missouri	not given.	8 25
New Jersey	700,000	56 82	Kansas	not given.	19 12
Maryland	not given.	35 50	Nebraska	58,259	25 85
Delaware	not given.	15 00	Arkansas	not given.	3 48
Virginia	not given.	7 48	Louisiana	not given.	3 43
N. Carolina	not given.	5 43	Georgia	not given.	5 45
S. Carolina	not given.	6 25	Florida	not given.	3 03
Pennsylvania	5,740,854	29 75	Montana	25,000,000	——
Ohio	5,101,441	41 37	Wash'n Ter-		
Kentucky	not given.	12 82	ritory	20,000,000	——
Louisiana	not given.	7 28	Oregon	10,000,000	——
Indiana	⅓ of area.	26 90	California	not given.	8 55
Illinois	3,708,567	23 68	Nevada	1,426,410	——

The pine-timber supply of the Northwest, distributed mainly in Minnesota, Wisconsin and Michigan, was estimated in 1880 at 81,500,000,000 feet. The aggregate cut and destruction of pine in these States is not far from 8,000,000,000 feet per annum, and it is not difficult to see, from these figures, how long this slaughter of the pine can be kept up. It is to be hoped that the Government will give some attention to this devastation of our woodlands before the whole will be gone, and nothing remaining but the "stumps" to remind us of our folly.

WOOL CLIP OF THE WORLD.

The wool clip of the world has increased five times since 1830, when it was about 320,000,000 pounds in weight. In 1878 (the latest year for which there are complete figures), Europe produced 740,000,000; River Platte, 240,000,000; United States, 208,000,000; Australia, 350,000,000; and South Africa, 48,000,000 pounds, making a total of 1,586,000,000 pounds. It continues to be a matter for wonderment that comparatively so little wool is produced in the United States. Statistics of the wool product of the world have not been made up to later than 1868. In that year the United States produced 208,000,000; Australia, 350,000,000, or 142,000,000 pounds more than the United States. The proportion is no better for us to-day.

SUGGESTIONS CONCERNING THE NATIONAL-BANK ACT.

The following extract from an editorial which appeared not long since in the New York *Evening Post*, written, we suppose, by Horace White, contains several valuable suggestions with respect to amending the National Bank Act, so as to insure the perfect solvency of bank notes, in the event that it should be impracticable or impossible to use Government bonds for that purpose.

In order to perfect a system in which the security of Government bonds is wanting it is needful to arrange so that either (1) the bank's capital shall not be lost or impaired, or (2) that if lost or impaired the deficiency shall at once be made good, or (3) that any failure to make it good shall not result in loss to the noteholders. We think it quite feasible to attain this end with the machinery of the present National-banking Act. In requiring a pledge of Government bonds as security for circulating notes the law gives a preference to the noteholder over all other creditors of a bank. This is entirely proper, but we believe it is a fact shown by the reports of the Currency Bureau that if the law had exacted no pledge of bonds, but had merely given the noteholder a preference in the distribution of the assets of banks, all the notes of suspended banks, since the National-banking Act went into force, would have been paid in full out of the assets of the institutions and the personal liability of the shareholders. Moreover, under the act as it now stands, no delay or inconvenience could have happened to the noteholders, since all the notes are receivable for all dues to any and all National banks. This provision of law amounts to a mutual insurance of the National banks by and for each other so far as their circulating notes are concerned, but it rests, of course, upon the higher security of the bonds held in pledge by the Treasury at Washington. Whether this system of mutual insurance could be continued without such security cannot be affirmed, but it exists practically in Scotland, where bank failures never result in discrediting the notes of the suspended institutions. Among the Scotch banks, however, the liability of shareholders is unlimited. In this country it is fixed at a sum equal to the shareholder's interest in the bank, in addition to the amount of his shares. But the National-banking Act might be so amended that the liability of shareholders as to bank notes outstanding should be unlimited. As the right to issue notes to take the place of money is a valuable franchise there would be no injustice in such a provision. It would not compel any bank to issue notes, but if they should choose to issue them, it would put directors and shareholders under greater responsibility and would tend to make them more watchful than they have been heretofore.

No analogy can be drawn, as to the workings of such a law, from the condition of things existing before the war. Bank-note systems were then as numerous and various as the States and Territories which authorized them. The Western States ran wild on the subject of "free banking," which they construed to mean the right of every man to issue notes who could buy or borrow a few State bonds to pledge with the local Auditor or Comptroller. Capital was not deemed necessary to the establishment of a bank. Banks in that quarter were, with few exceptions, institutions not to lend money to the public, but to borrow from them. Such abuses would be and are impossible under the National-banking Act. Errors may occur, frauds may be committed, under and in spite of the act, but they are reduced to the minimum, as is shown by the fact that all the losses incurred through bank

tailures, by depositors and all other creditors of National banks since its system went into operation, eighteen years ago, have been less than $7,000,000. No loss has occurred to noteholders, nor would any have occurred even without the bond security if the noteholders had been made in all cases preferred creditors. We are, therefore, of opinion that while the Funding Bill may be useful to bridge the National-banking system over a few years' time, it is not essential to the maintenance of what is most valuable in the system.

EXPORTS AND IMPORTS OF GOLD AND SILVER COIN AND BULLION SINCE 1835.

The following valuable table relating to the movements of gold and silver since 1835 is taken from the last annual report of the Chief of the Bureau of Statistics of the Foreign Commerce of the United States:

Year ended—	Exports. Domestic.	Exports. Foreign.	Total exports.	Imports.	Excess of exports over imports.	Excess of imports over exports.
September 30—	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
1835	729,601	5,748,174	6,477,775	13,131,447	—	6,653,672
1836	345,738	3,978,598	4,324,336	13,400,881	—	9,076,545
1837	1,283,519	4,692,730	5,976,249	10,516,414	—	4,540,165
1838	472,941	3,035,105	3,508,046	17,747,116	—	14,239,070
1839	1,908,358	6,868,385	8,776,743	5,595,176	3,181,567	—
1840	2,235,073	6,181,941	8,417,014	8,882,813	—	465,799
1841	2,746,486	7,287,846	10,034,332	4,988,633	5,045,699	—
1842	1,170,754	3,642,785	4,813,539	4,087,016	726,523	—
June 30—						
1843*	107,429	1,413,362	1,520,791	22,320,335	—	20,799,544
1844	183,405	5,270,809	5,454,214	5,830,429	—	376,215
1845	844,446	7,762,049	8,606,495	4,070,242	4,536,253	—
1846	423,851	3,481,417	3,905,268	3,777,732	127,536	—
1847	62,620	1,844,404	1,907,024	24,121,289	—	22,214,265
1848	2,700,412	13,141,204	15,841,616	6,360,284	9,481,332	—
1849	956,874	4,447,774	5,404,648	6,651,240	—	1,246,592
1850	2,046,679	5,476,315	7,522,994	4,628,792	2,894,202	—
1851	18,069,580	11,403,172	29,472,752	5,453,503	24,019,249	—
1852	37,437,837	5,236,298	42,674,135	5,505,044	37,169,091	—
1853	23,548,535	3,938,340	27,486,875	4,201,382	23,285,493	—
1854	38,062,570	3,218,934	41,281,504	6,939,342	34,342,162	—
1855	53,957,418	2,289,925	56,247,343	3,659,812	52,587,531	—
1856	44,148,279	1,597,206	45,745,485	4,207,632	41,537,853	—
1857	60,078,352	9,058,570	69,136,922	12,461,799	56,675,123	—
1858	42,407,246	10,225,901	52,633,147	19,274,496	33,358,651	—
1859	57,502,305	6,385,106	63,887,411	7,434,789	56,452,622	—
1860	56,946,851	9,599,388	66,546,239	8,550,135	57,996,104	—
1861	23,799,870	5,991,210	29,791,080	46,339,611	—	16,548,531
1862	31,944,651	5,842,989	36,887,640	16,415,052	20,472,588	—
1863	55,993,562	8,163,049	64,156,611	9,584,105	54,572,506	—
1864	100,473,562	4,922,979	105,396,541	13,115,612	92,280,929	—
1865	64,618,124	3,025,102	67,643,226	9,810,072	57,833,154	—
1866	82,643,374	3,400,697	86,044,071	10,700,092	75,343,979	—
1867	54,976,196	5,892,176	60,868,372	22,070,475	38,797,897	—
1868	83,745,975	10,038,127	93,784,102	14,188,368	79,595,734	—
1869	42,915,966	14,222,414	57,138,380	19,807,876	37,330,504	—
1870	43,883,802	14,271,864	58,155,666	26,419,179	31,736,487	—
1871	84,403,359	14,038,629	98,441,988	21,270,024	77,171,964	—
1872	72,798,240	7,079,294	79,877,534	13,743,689	66,133,845	—
1873	73,905,546	10,703,028	84,608,574	21,480,937	63,127,637	—
1874	59,699,686	6,930,719	66,630,405	28,454,906	38,175,499	—
1875	83,857,129	8,275,013	92,132,142	20,900,717	71,231,425	—
1876	50,038,691	6,467,611	56,506,302	15,936,681	40,569,621	—
1877	43,134,738	13,027,499	56,162,237	40,774,414	15,387,823	—
1878	27,061,885	6,678,240	33,740,125	29,821,314	3,918,811	—
1870	17,555,035	7,442,406	24,997,441	20,296,000	4,701,441	—
1880	9,347,893	7,795,026	17,142,919	93,034,310	—	75,891.39
1881	14,226,944	5,179,903	19,406,847	110,575,497	—	91,168,65

* Nine months from September 30, 1842, to June 30, 1843.

EXTENSION OF CHARTERS OF NATIONAL BANKS.

The following report submitted by Mr. Crapo, from the Committee on Banking and Currency, has a special interest for most of our readers.

The National-banking system was established by Act of Congress, dated February 25, 1863. Its existence of twenty years covers periods of business depression and prosperity, of war and peace. After this test of a score of years, the system can no longer be regarded as an experiment. It has been watched, studied, and criticised; and whatever its merits or defects, they have been brought to public attention.

The legislation creating the National banks was largely prompted by the necessities of the Government, which, at the time, was seeking to find a market for its bonds. It compelled by discriminating taxes, the conversion of all of the State banks of issue into National-banking associations, and then required of the latter the investment of one-third of their capital in bonds of the United States, even if the bank issued no circulating notes; and if it issued notes for circulation, to deposit United States bonds at par to an amount ten per cent. in excess of such circulating notes. The scheme was a successful one. The existing banking institutions of the country, either willingly or reluctantly, organized under the National authority, and thereby was created a large market for the bonds of the Government; and there was enlisted the co-operation and interest of the banking capitalists of the country, for the maintenance of the public credit, and for the appreciation in value of its securities.

But the advantages which were secured by the creation of National banks in their purchase of United States bonds, and in maintaining by their aid the market value of the bonds, while of immense importance at the time, are not of equal force to-day, because the necessity, which called the banks into existence has ceased to exist. But other and greater advantages have accrued from the system—in the promotion of business transactions, and in the development of our trade and industries, which the people of the country are reluctant to abandon. These advantages result from the work of over 2,000 institutions, scattered throughout the land, in facilitating the business of their localities; in aiding the traders, manufacturers, and farmers in their necessary credit exchanges; in the collection of drafts and notes; in furnishing a safe deposit for funds temporarily awaiting use; in the discount of negotiable paper, which enables the producer to obtain quicker returns for his products; and in supplying the people with circulating notes absolutely safe in the hands of holders, and current, without discount or loss, at every point within the geographical limits of the Union.

By the terms of the National-banking act, the authorized duration of a banking association was limited to the period of twenty years. This limit has been reached. The charter of one association has already expired. During the year ending February 25, 1883, the corporate existence of 393 banks will terminate. These banks have a capital of $90,910,750, and a bank-note circulation of $69,160,980.

It is apparent that some definite action should be taken by Congress without delay. If there is to be legislation extending these charters, it should be known by the banks at once; and if such legislation is deemed inexpedient, the decision should be equally prompt.

It has been suggested that, in the absence of legislation extending existing charters, or discontinuing the National-banking system, the associations compelled by limitation to go into liquidation can, under present laws, through the action of such stockholders as desire, organize new banking associations under different names, but practically securing a continuance of present organizations.

In the opinion of the committee, there are positive advantages attending the continuance in business of established banking institutions, by the extension of their charters, which cannot be gained by any reorganization under the most favorable circumstancesr The National banks hold undivided profits and surplus, in addition to capital, amounting to over $ 184,000,000. This sum represents the profits which have not been divided to the stockholders during their existence. The founders of the National-banking system, believing that the protection of the community and of the patrons of the banks required such surplus fund, made compulsory its creation and retention. Had it not been for this fund of undivided earnings, very many of the banks would have been unable to have successfully met the financial disasters and losses following the panic of 1873. During the four years from 1876 to 1879, inclusive, the losses of the National banks, through the failure of debtors to pay their obligations, aggregated $ 85,845,069. Such, however, was the strength afforded these institutions by the fund of undivided earnings, that no serious consequences followed. If the banks had held no assets beyond their capital, these losses would have worked such a reduction of that capital as seriously to have affected the credit of many of them, and have caused great injury to those depending upon them for money accommodations. The refusal or neglect to extend existing associations, even if new organizations are formed to take their places, compels the division of this accumulated surplus. The new bank organizations will start simply with their paid-up capital, and with less ability to meet losses than the banks whose places they take.

Corporations, like individuals, which have successfully carried on business, and have gained reputation for financial soundness and fair dealing, naturally desire to avail themselves of the advantages and profits which the good name they have earned will bring to them. Of minor importance, yet worthy to be considered, are the expenses and inconveniences incident to a new organization, which are avoided by a continuance of the charters. There are instances of trust funds, now legally invested in the shares of National banks, which cannot be carried to the new organizations, on account of an absence of authority to make the subscription, but which investments can legally continue under the extended charters.

It has been urged against the extension of these charters that minority stockholders, who desire to retire from business, withdrawing their investment, and to terminate their liability as stockholders, ought not to be compelled by a majority vote, however large, to continue beyond the original term of twenty years. Without discussing the question which has been raised, of the right of the majority to bind the minority in the matter of extending the duration of these associations when authorized so to do by act of Congress, the bill proposed by the committee so fully and completely protects the rights and property of the dissenting minority stockholders that this objection can have but little weight. Every shareholder who honestly desires to withdraw from the association, and to take the proportion of capital and surplus to which he is entitled, can receive its value as fully and more promptly than is possible by any method of liquidation. He cannot be forced to make a disadvantageous sale of his stock, nor be compelled to accept whatever the majority stockholders choose to allow him. On the other hand, the minority stockholder is deprived of the power to dictate unreasonable and oppressive terms to the majority as the price of assent, or to force a sale of his shares upon those who prefer to continue in business upon terms far beyond their intrinsic worth.

The chief, if not the only, advantage which it is claimed by those who oppose this extension will result from non-action is the delay to the Government in realizing the gain and advantages from the lost and destroyed bank bills. It has been urged that, until the National banks are wound up in liquidation, it is impossible to determine the amount of their lost and destroyed bills, and that the extension of their charters is an indefinite postponement of the liquidation necessary to establish that fact, and consequently an indefinite postponement of the realization of the profit therefrom by the Government. The bill affirms that the gain or profit from the loss of National-bank bills shall inure to the United States and not to the banks. The

bill reported by the committee enables us to determine the amount of the destroyed bank notes as speedily and accurately as is possible by the liquidation of the banks. It further provides the method by which the Government shall make available this profit, even before the exact amount is ascertained.

In forming a judgment of the wisdom of the proposed legislation extending the corporate existence of National banks, it is proper to consider what effect the failure of Congress to act will have upon the paper circulation of the country. In the absence of any authority to continue their business, within the next twelve months 393 banks must go into liquidation. This will compel the withdrawal of $69,160,980 of lawful money now in active circulation, in order to procure $75,768,700 United States bonds lodged with the Comptroller, and which the liquidating banks will withdraw for sale, and for the purpose of closing their affairs and making division of their assets.

Upon one single day, February 25, 1883, the charters of 297 banks will expire, involving a return to the Treasury of $54,000,000 of lawful money. It is not difficult to conjecture the influence of such a contraction of the currency upon the business of the country and the values of property. Even if every National bank should reorganize by forming a new association under the existing law, the deposit of legal-tender notes or lawful money must precede the withdrawal of the United States bonds held by the Government, which withdrawal becomes necessary in the settlement of the affairs of the bank. It can hardly be expected that every bank, as its corporate life expires, will avail itself of the provisions of this law if enacted. The profits derived from circulation, by reason of the low rate of interest received from the investment of bank capital in United States bonds, is so small that some of these associations will deem it to their advantage to carry on banking business under State laws. Already quite a number of the National banks in the large cities have voluntarily relinquished their circulation, and the number of such banks will probably increase. Away from the great business centers, where deposits are light and the banks are a local convenience, they will issue their circulating notes even at the small profit now realized of about one per cent. But, however desirous the country banks may be to save the little margin of profit on circulation, a desire which might induce them to extend their charters, many of them, if compelled to liquidate, will decline to organize with new stockholders, a new name, and with the expenses and derangement of business which a new association involves.

POWER OF ATTORNEY TO COLLECT PAYMENT OF GOVERNMENT BOND.

DECISION BY UNITED STATES COMPTROLLER LAWRENCE.

A power of attorney authorizing an agent to "sell and assign" a government bond "called" for payment, gives authority to the agent to assign to the Secretary of the Treasury for redemption, and to receive in payment a draft drawn by the Treasurer of the United States to the agent by name, who can indorse it for collection or payment.

Edward R. Moodie, of England, is the owner of registered United States bond, No. 11,834, Act July 17, and August 5, 1861, for $5,000, with interest at six per cent., payable semi-annually, and redeemable after the 30th of June, 1881, which with others of its class is "called" for payment. Moodie executed a power of attorney as follows:

"Know all men by these presents, That I, Edwin R. Moodie, of Rock Ferry, Birkenhead, England, do hereby appoint Blake Bros. & Co., of New York, N. Y., my attorney to sell and assign any and all United States stock now standing, or which may hereafter stand, in my name on the books of the Treasury Department, granting to said attorney power to appoint one or more

substitutes for the purpose herein expressed; hereby ratifying and confirming all that may be lawfully done by virtue hereof.

"Witness my hand and seal this 28th day of December, 1880.

This is duly authenticated. "E. R. MOODIE." [SEAL.]

Under this power an assignment was made in the usual form as follows:

"For value received, I assign unto Secretary of Treasury for redemption the within certificate of United States stock issued by the Treasury Department, and hereby authorize the Register of the Treasury to transfer said stock on the books of the Department. EDWIN R. MOODIE,

This is duly authenticated. By Blake Bros. & Co., Atty's."

The First Comptroller is asked to decide whether a draft in payment should issue in the name of the attorneys, Blake Bros. & Co., or to Moodie.

DECISION OF THE COMPTROLLER.

The Treasurer of the United States generally makes payment of bonds by his draft on the Treasurer, or an assistant treasurer. Rev. Stat., 3593, 3644. If the draft in this case is to be issued payable to Moodie, it will be necessary to send it to England for his indorsement. This will work delay and inconvenience.

The question now presented arises on the proper construction of the power of attorney. It gives the agents power "to sell and assign" the bond. This is the usual form for securing payment, as in cases of payment the bonds are assigned to the Secretary of the Treasury for redemption.

Story says a power of attorney is always to be "construed to include all the necessary and usual means of executing it with effect," unless a different purpose be clearly expressed. Agency, Sec. 58. Perhaps this does not quite fully express the correct idea as applied to this case. Here the power is "to sell and assign." This power, of course, includes "all the necessary and usual means of executing" the power—that is, of making a sale and assignment. It gives authority to execute such papers as are usually made to effect a sale and assignment. But a power to do an act, includes more than "all the necessary and usual means of executing it." It includes authority to do whatever is necessary and usual to secure the objects for which it may reasonably be supposed to have been given. Station-house Case, this vol. ante. A power to sell and convey lands includes an authority to receive the purchase money. *Peck* v. *Harriott*, 6 Serg. & Rawle, 149; *Yerby* v. *Grisby*, 9 Leigh Va. 387; *U. S.* v. *Gratiot*, 14 Pet. 538. The power "to sell and assign," on principle and authority, includes the right to make the necessary indorsement to the Secretary of the Treasury. *Fenn* v. *Harrison*, 4 T. R. 177; *Nickson* v. *Brohan*, 10 Mod. 109; *Hicks* v. *Hauken*, 4 Esp. R. 116; Paley Agency (Lloyd), 209.

The power of attorney was given in view of the usage, and is to be construed with reference to it. 1 Greenl. Ev. Sec. 292, 294. And clearly, upon every principle of construction applicable to this power, it gives authority to receive money, and so, by necessary inference, to receive a draft in the name of the agent, and to indorse it for collection or payment. It can scarcely be supposed that the claimant in England gave the power of attorney in this case for the mere purpose of making a "sale and assignment," and that he then intended to come to the United States in person to receive payment, or to send another power to receive payment or indorse a draft. The construction to be given to a power is that which will carry out the intention of the maker.

The draft may properly be issued to Blake Bros. & Co., and it is well to describe them as attorneys.

The Secretary of the Treasury will be advised accordingly.

TAXES IN FRANCE.—Indirect taxes in France for the year just ended have surpassed the estimates by 216,739.000f., or a sum which, added to the estimates, corresponds with the yield of 1879. The excess comprises 62,000,000f. on registration fees, 57,000,000f. on customs. 13,000,000f. on the Post Office; nearly 3,000,000f. on the telegraphs, and 81,000,000f. on other sources of revenue.

LEGAL MISCELLANY.

NATIONAL BANK—LIABILITY OF STOCKHOLDERS NOT SUBJECT OF SET-OFF.—Section 5151 of the Revised Statutes of the United States, among other things provides that the shareholders of every National banking association shall be held individually responsible for all contracts, etc., to the extent of the amount of their stock therein, at the par value thereof, in addition to the amount invested in such shares. *Held*, that upon the insolvency of such a bank a shareholder who happens to be one of its creditors cannot cancel or diminish the assessment to which the provisions of this section make him liable, by offsetting his individual claim against it. The liability to be enforced against the shareholder is not a debt due to the bank, but is a sum of money equal to the par value of his stock, payable by him to the receiver as an officer of the government by force of the law, and the assessment authorized and made by the comptroller. The effect of allowing such a set-off is to give the shareholder an advantage over other creditors. It practically pays his debt in full, and by leaving so much less for others, diminishes his liability as a stockholder, which it was clearly the design of the law to impose. In *Attorney-General* v. *Mech. & Lab.'s Sav. Bank*, 5 Stew. 163, it was held that a depositor who borrowed money from the bank, secured by his note or mortgage, could not offset his debt against the amount of his deposit at the time when the decree of insolvency was made. In *Osborn* v. *Byrne*, 43 Conn. 155, the Supreme Court of Connecticut, in answer to the petition of the receiver of an insolvent Savings bank, praying for instructions, decided that the borrower of the funds of the corporation should not be allowed to offset his deposits against his indebtedness. See also *Sawyer* v. *Hoag*, 17 Wall. 610; *Re Empire City Bk.*, 18 N. Y. 199. *Hobart* v. *Gould*, U. S. Dist. Ct., New Jersey, 8 Fed. Rep. 57.

GIFT—OF MONEY IN SAVINGS BANK—DONATIO MORTIS CAUSA.—It is well settled in Maryland that there is no difference in the legal requirements to make a good delivery in gifts *inter vivos* and *mortis causa*. Although a gift *mortis causa* depends for its absoluteness on the death of the giver from the disease threatening life when the gift was made, so that recovery would revoke it, still for the time being and until recovery, the absolute dominion over the thing given, must be parted with at the time of the gift. S, on the 3d of April, 1877, being sick at the time, gave C a written order on a Savings bank, for the payment to him of a sum of money on deposit in said bank in her name. A memorandum was added, "the book must be sent with this order." At the same time she gave C a written order on G in whose possession her book of deposit then was, requesting G to deliver said book to C. The order for the payment of the money was presented at the bank by C without the bank book, and he was told the money was there, and the order was in proper form, but could not be paid till the book was produced. S died on the 10th of July, 1877, at a different place than that where the order was given. In an action by C against the administrator of S to recover the amount of the order, the above facts were proven, but there was no proof that C ever had the bank book in his possession, or that he ever made any efforts to get it; nor did it appear of what disease S died, or what was her disease at the time the order was given. *Held*, that standing as the money did in the name of S at the bank when she died, it devolved upon her legal representative, who having properly possessed himself of it, the plaintiff had no enforceable claim against the defendant or the fund. That there was a serious failure of proof as to the disorder of which the alleged donor died, and it was essential to make the attempted gift, an effective gift *mortis causa*, that the donor should die of the very disorder with which she was suffering when the gift was made, and that there should be no intervening recovery. *Pennington* v. *Gittings*, 2 G. & J. 215; *Bradley* v. *Hunt*, 5 id. 58; *Hebb* v. *Hebb*, 5 Gill, 509; *Taylor* v. *Henry*, 48 Md. 559; *Mitchener* v. *Dale*, 23 Penn. St. 59; *Tate* v. *Hilbert*, 2 Ves. Jr. 112; *Conser* v. *Snowden*, 54 Md. 175.

PAYMENT BY NOTE OF THIRD PARTY.—H was indebted to M and being pressed for payment replied that he had no money, but had the promise of a note for four months from a firm, that he would give to M to get discounted and use the money. At the request of H, who said he would see the note was paid, M took from the firm its note payable to himself and had it discounted. A did not endorse the note. At maturity the note was not paid, but M accepted two drafts of the firm, each for one-half the amount of the note, payable at a subsequent date. One draft was paid, the other was not. *Held*, that the note did not constitute payment, nor did the acceptance of the drafts, and that H was liable for the amount of his debt to M less the amount of the paid draft. *Hunter* v. *Moul.* Penn. Sup. Ct. Oct., 1881.

MISTAKE—PAYMENT BY, WHEN MONEY MAY BE RECOVERED BACK.—Where the defendant collected from the plaintiff the amount of a draft received by it from another bank for collection, crediting the payment in its account with the latter, which draft was drawn by a paymaster for bounty money, to the order of one D, upon the assistant treasurer of the United States at New York, purporting to be indorsed by him, and was indorsed by the other bank, but not by the defendant, and it was claimed that the fact that D's name was a forgery was not discovered by the plaintiff until ten years afterward, and not communicated to the defendant until another year had elapsed; in an action to recover the money, *held*, that the case is clearly one of payment of money under a mutual mistake of fact, and the plaintiff is entitled to recover, there being no allegation or proof of any loss or damage to the defendant, or of any loss of remedy by the defendant against the bank from which the draft was received, by reason of the delay in discovering or communicating information of the mistake. That mere negligence, unattended with such loss or damage. cannot impair the equity of the party, paying money under a mutual mistake of fact, to recover it from the other party who received it without giving any consideration therefor. The authorities are to this effect: that negligence in giving information of the mistake to the other party, with resulting loss of remedy over, is a defence, but otherwise not. The doctrine rests on the duty which the party paying owes to the other to shield him as far as possible from loss or damage resulting from the mistake, when he discovers that it is such. If the failure to perform that duty results in loss or damage to the other party, then it is inequitable that he should be obliged to refund. But if that negligence has made no difference to him then it is immaterial. See *Kingston Bank* v. *Ellinge*, 40 N. Y. 391; *Mayer* v. *Mayor of New York*, 63 id. 455; *Pardee* v. *Fish*, 60 id. 271; *Union Bank* v. *Sixth Nat. Bank*, 43 id. 456; *Bank of Commerce* v. *Mechanics' Banking Ass'n*, 52 id. 213; *Continental Nat. Bank* v. *Nat. Bank Com.* 50 id. 575. The rule declared in *Price* v. *Neal*, 3 Burr. 1354, which precludes recovery where the mistake consists in the erroneous admission as genuine, by acceptance or payment of a draft where the signature of the drawer was forged, and the cases following it, are now regarded as exceptions to the general rule that negligence in making the payment, even where the matter mistaken was peculiarly within the plaintiff's knowledge, or one as to which he had a duty of inquiry, unattended with damage, does not defeat the action. *Allen* v. *Fourth Nat. Bank*, 59 N. Y. 19; and see *Welch* v. *Goodwin*, 123 Mass. 71. The cases of counterfeit money rests on a different principle, the theory being that delay must necessarily impair the remedies over of the party from whom the money was received. *United States* v. *National Park Bank of New York*, U. S. Dist. Ct. 7 Fed. Rep. 852.

CHECKS—INDORSEMENT FOR COLLECTION.—Where one bank sends to another bank a check indorsed "for collection," the latter bank has no title in the check or right to the proceeds when collected. It is merely the agent of the bank transmitting the check.

And where the bank receiving such check for collection sends it to another bank for collection the latter bank is but the agent of the bank from which it was received, and has no right to apply the proceeds of such check to the payment of an indebtedness due it from the bank transmitting the check for collection.—*First Nat. Bank of Crown Point* v. *First Nat. Bank of Richmond.* Sup. Court of Indiana.

TITLE TO DEPOSIT IN SAVINGS BANK.—Where A deposited money in a Savings bank in the name of B without a declaration of trust at the time or subsequently, and retained the deposit book in his possession until his death, *held*, that in the absence of any act or declaration under the pressure of immediate or impending death, or of proof of any delivery or intent to give, the deposit belonged to the estate of A and not to B. *Robinson* v. *Ring*, 72 Maine.

A note executed by husband to wife for the separate moneys of the wife lent to the husband is valid. *Hall* v. *Hall*, 51 Tex. 294.

NATIONAL BANKS.—A National bank is liable for a special deposit, received by its teller on behalf of the bank, in accordance with its usage, for gratuitous safe-keeping, and lost through its gross negligence. *Pattison* v. *Syracuse National Bank*, 80 N. Y. 82

National banks have no power to purchase negotiable paper except from surplus capital. *Lazear* v. *National Union Bank of Baltimore*, 52 Md. 78.

NEGOTIABLE INSTRUMENT.—A telegram in the words, "You may draw on me for $700," is not an acceptance, but it is an authority to draw at sight, and implies a promise to accept and pay. *Franklin Bank of Baltimore* v. *Lynch*, 52 Md. 270.

The maker of an accommodation note, lent without restriction, is liable to a third person who acquires it for value after maturity. *First National Bank of Salem* v. *Grant*, 71 Me. 374.

To hold one who indorses a negotiable note after maturity. payment must be demanded of all the makers within a reasonable time thereafter, and immediate notice of non-payment given to him. *Graul* v. *Strutzel*, 53 Iowa 712.

Where a note is payable at a bank whose usage it is to give notice of protest to indorsers residing in the place where the bank is located, through the post office, such notice will bind such indorsers *Carolina National Bank* v. *Wallace*, 13 S. C. 347.

An oral promise that a note is good and will be paid when due, made by the owner on a transfer of the note for value, is valid. *Milks* v. *Rich*, 80 N. Y. 269.

TITLE—TO NEGOTIABLE COUPONS FROM STOLEN BONDS SOLD AFTER DUE TO BONA FIDE PURCHASER—CONFLICT OF LAW.—(1) Bonds of an American railway corporation, with negotiable coupons annexed, belonging to plaintiff, were stolen. Subsequently defendant purchased in Germany a number of the coupons then past due. The purchase was made in good faith without notice and for full value. The coupons were sent to New York for payment. In an action to determine the title to the coupons, *held*, that plaintiff was entitled to the same. After their maturity the coupons lost the attribute of negotiability, and they dropped into the category of ordinary property, to which title does not pass by mere delivery. The following cases among many illustrate this principle: *Vermilye* v. *Adams Express Co.*, 21 Wall. 138; *Evertson* v. *Bank of New York*, 66 N. Y. 14. Although the taker of the stolen coupons in good faith after maturity may get a good title as against the original owner, provided thnt some person in the chain of title between himself and the true owner had obtained a good title, which has been transmitted to the claimant, *Grand Rapids and Indiana R. R. Co.* v. *Sanders*, 54 How. Pr. 214, the burden is upon the purchaser to prove the facts out of which such legal claim arises. The plaintiff's title in this case is made out by showing the fact of original ownership and that the property had been stolen. If they reached the hands of a *bona fide* purchaser before maturity, through whom the defendant claims, he must establish it. Under the evidence the defendant took title after maturity subject to all the rights and equities of the true owner. *Byles on Bills*, § 166; *Bank* v. *Green*, 43 N. Y. 298; *Collins* v. *Gilbert*, 4 Otto, 754. (2) The rights of the parties are to be determined by the law in New York and not by that in Germany where the coupons were bought *Edgerly* v. *Bush*, 81 N. Y. 199. *Wylie* v. *Speyer*, N. Y. Sup. Ct., Spec. Term, Aug. 22, 1881.

WHEN INTEREST ALLOWED ON COUPONS.—Interest is properly allowed upon an interest coupon attached to a bond from and after its maturity, although no interest is promised in the same. *Humphrey* v. *Martin*. Sup. Court of Illinois, Nov., 1881.

THE CERTIFICATION OF CHECKS.

Senator Beck has introduced a bill into the Senate "to punish the unlawful certification of checks by officers of National banks." It provides that any officer, clerk or agent of any National banking association who shall willfully violate the provisions of Section 5208 of the Revised Statutes shall be deemed guilty of misdemeanor, and be subject to a fine of not more than $5000 or to be imprisoned not more than five years or both, in the discretion of the court. The section of the statutes referred to provides that it shall be unlawful for any National banking association to certify any check drawn upon the association, unless the person or company drawing the check has on deposit with the association at the time such check is certified an amount of money equal to the amount specified in such check; any check so certified by duly authorized officers shall be a good and valid obligation against the association; but the act of any officer, clerk or agent of any association in violation of this section shall subject such bank to liabilities and proceedings on the part of the Comptroller.

It is alleged that this act is being continuously ignored and repeatedly violated in connection with the bank transactions in stock speculations. Senator Beck and the supporters of the bill hope to obtain favorable action in the committee and to report the bill in time to bring it before the Senate this week. The friends of the bill are confident that it will become a law.

Secretary Folger has addressed the following letter to Senator Morrill, Chairman of the Finance Committee, in regard to it:

TREASURY DEPARTMENT, Feb. 13, 1882.

SIR: I have the honor to acknowledge the receipt of Senate bill No. 976. My opinion is asked as to the propriety and necessity of the passage of it. It proposes to punish as a misdemeanor the willful violation by certain persons designated therein of a statute of the United States named in the bill. There can be but one opinion, and that affirmative, that it should be declared an offence against the criminal law to willfully violate a public statute that prohibits the doings of an act held by the Legislature to be reprehensible. I should have supposed that there existed a general statute making a misdemeanor of the willful violation of any prohibitory law, but an examination of the Revised Statutes, cursory, I confess, does not disclose one. Hence, I readily state that the passage of the bill into a law is proper. Whether there is a present necessity for the passage of the bill depends upon whether there are present violations of the statute named in the bill, and this depends upon facts which, though they are to some extent in the possession of this department, present mixed questions of law and fact. That the certification of checks is done to a large extent by the persons designated in the bill there is no doubt. If that certification is a violation of the statute, there is a necessity for the bill. It will be found, however, that it is done under such arrangements or agreements as are deemed by the banks and their counsel to bring the act of certification into harmony with the letter of the statute. If that be true, then the bare enactment by Congress that a willful violation of the statute shall be a misdemeanor would not bring about any practical result, and there is no present necessity for the passage of it.

I apprehend that the bill submitted to me will not effect the object of the honorable Senator who framed and introduced it. The question will still remain after the passage of the bill: Are the practices of the banks willful violations of the statute? This will be a question for a jury under the ruling of the trial court, and it is easy to foresee that not much will be effected. In my judgment, there should be inquiry into the arrangements by and under which the certifications are effected, and if those arrangements and acts of certification under them are looked upon as reprehensible, a bill should be framed

that will define what particular things shall be deemed violations of the law, and they, if willful, be declared misdemeanors. I suppose that I am not asked or expected to say anything upon the general policy involved in the bill. Very respectfully, CHARLES J. FOLGER, Secretary.

THE TENNESSEE STATE DEBT.

The Supreme Court of the State has declared invalid and unconstitutional the act of April, 1881, to compromise the bonded indebtedness of Tennessee at par and three per cent. interest, the coupons receivable for taxes. Two of the five judges—Ewing and Deaderick—dissent from this decision. Reviewing the suit, Judge Turney, in delivering his opinion, said: "One of the Circuit Judges of the State had granted a fiat enjoining the Funding Board on its hearing. The Chancellor. on his own motion, dismissed the bill and complaint. The taxpayers appealed. The argument that the taxpayer is bound by honor and words to pay, under the existing law, the debt and six per cent. interest, and therefore can sustain no injury from compulsion to pay half that interest, and therefore ought not to be heard to complain, cannot avail with the courts. The debtor may ask the intervention of courts to prevent enforcement in part of the agreement to pay as well as the whole. If, when the act is a complete or executed contract, and is being directly enforced, the taxpayer may resist it, there is no good reason why he may not strike it at the threshold and destroy its half-grown life. The Legislature is the creature of the Constitution, and cannot rise above it, and when the law-making power violates the Constitution its act is a nullity, and, being a nullity, is not an authority of the State. The Constitution is the work of the people, and can only be changed by the people. The Funding Act being unconstitutional, this suit against officers brought into being by it is not a suit against the 'officers of the State,' but is a suit against citizens attempting to commit a wrong, and may be maintained. The creditors of the State have not now a right to demand a first mortgage upon the life of the State, its taxes and taxing power." In conclusion, Judge Turney said that he considered the Funding Act unconstitutional and void, and that the injunction was properly granted and should be perpetual.

The two other judges of the majority hold substantially the same views, but their opinions are expressed at greater length.

Chief Justice Deaderick, in the minority opinion, held that the Funding Act was not void, and that the courts have no power to review or reverse the action of the General Assembly, except such action is violative of the Constitution; and, if within the constitutional power of the General Assembly. it cannot be questioned by the courts upon allegations of bribery or fraud. He holds that the Legislature has the power to pass the Funding Act, there being no constitutional inhibition that the act is constitutional and not void, and the Chancellor's decree dismissing the injunction should be affirmed. This opinion is concurred in by Special Justice Ewing.

The decision of the Supreme Court as to the constitutionality of the Funding Act was on the sole ground that the Legislature could not make valid a contract making coupons receivable for taxes for ninety-nine years. In all other respects the act is regarded as constitutional, and the majority held that charges of corruption against the Legislature could not be entertained by the judicial department. There was not a question in the case touching the liability of Tennessee railroads to a lien in favor of holders of bonds issued by the State in aid of railroads.

The Supreme Court of Tennessee has rejected a plan presented by counsel of the Funding Board for overcoming the constitutional objection interposed in the recent decision. It was proposed to expunge the tax-coupon feature, and allow the funding to proceed without such coupons attached.

NEW FINANCIAL BILLS.

The bill to extend the charters of National banks, agreed upon by the Committee on Banking and Currency and reported to the House by Mr. Crapo, as a substitute for the original bill introduced by him and known as the Crapo-Morrill-HardenberghBill, is as follows:

Any National-banking association organized under the acts of Feb. 25, 1863, June 3, 1864, and Feb. 14, 1880, or under sections 5133, 5134, 5135, 5136, and 5154 of the Revised Statutes of the United States, may at any time within two years previous to the date of the expiration of its corporate existence under present law, and with the approval of the Comptrollor of the Currency, to be granted as hereinafter provided, extend its period of succession by amending its articles of association, and shall have succession for such extended period, unless sooner dissolved by the act of shareholders owning two-thirds of its stock, or unless its franchise becomes forfeited by some violation of law.

SEC. 2. That such an amendment of said articles of association shall be authorized by the consent, in writing, of shareholders owning not less than two-thirds of the capital stock of the association, and the Board of Directors shall cause such consent to be certified, over the seal of the association, by its President or Cashier, to the Comptroller of the Currency, accompanied by an application made by the President or cashier for the approval of the amended articles of association by the Comptroller, and such amended articles of association shall not be valid until the Comptroller shall give to such association a certificate, under his hand and seal, that the association has complied with all the provisions required to be complied with, and is authorized to have the succession for the extended period named in the amended articles of association.

SEC. 3. That upon receipt of the application and certificate of the association, provided for in the preceding section, the Comptroller of the Currency may, if he deems it necessary, cause a special examination to be made at the expense of the association to determine its condition; and if after such examination, or otherwise, it appears to him that said association is in a satisfactory condition, he shall grant his certificate of approval provided for in the preceding section, or if it appears that the condition of said association is not satisfactory, he shall withhold such certificate of approval.

SEC. 4. That any association so extending the period of its succession shall continue to enjoy all the rights and privileges and immunities granted, and shall continue to be subject to all the duties, liabilities, and restrictions imposed by the Revised Statutes of the United States and other acts having reference to National-banking associations, and it shall continue to be in all respects the identical association it was before the extension of its period of succession, with the same rights, immunities, and liabilities.

SEC. 5. When any National-banking association has amended its articles of association as provided in this act and the Comptroller has granted his certificate of approval, any shareholder not assenting to such amendment may give notice in writing to the Directors, within thirty days from the date of the certificate of approval, of his desire to withdraw from said association, in which case he shall be entitled to receive from said banking association the value of the shares so held by him, to be ascertained by an appraisal made by a committee of three persons—one to be selected by such shareholder, one by the Directors, and the third by the first two; and in case the value so fixed shall not be satisfactory to any such shareholder, he may appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made, which shall be final and binding, and if said reappraisal shall exceed the value fixed by said committee the bank shall pay the expenses of said reappraisal, and otherwise the appellant shall pay said expenses, and the value so ascertained and determined

shall be deemed to be a debt due to said shareholder from said bank until paid, and the shares so surrendered and appraised shall, after due notice, be sold at public sale within thirty days after the final appraisal provided in this section.

SEC. 6. That the circulating notes of any association so extending the period of its succession, which shall have been issued to it prior to such extension, shall be redeemed at the Treasury of the United States, as provided in section 3 of the act of June 20, 1874, entitled "An Act fixing the amount of United States notes, providing for redistribution of National-bank currency and for other purposes," and such notes when redeemed shall be forwarded to the Comptroller of the Currency and destroyed as now provided by law, and when the amount of such notes shall be reduced to five per cent. of the capital stock of the bank issuing the same, the association so extended shall deposit lawful money with the Treasurer of the United States, sufficient to redeem all of its outstanding circulation, as provided in sections 5222, 5224, and 5225 of the Revised Statutes, and any gain that may arise from the failure to present such circulating notes for redemption shall inure to the benefit of the United States, and from time to time, as such notes are redeemed or lawful money deposited therefor, as provided by law, such notes shall be replaced by new circulating notes bearing such devices, to be approved by the Comptroller of the Currency, as shall make them readily distinguishable from the circulating notes heretofore issued.

SEC. 7. National-banking associations whose corporate existence shall expire and which do not avail themselves of the provisions of this act shall be required to comply with the provisions of sections 5221 and 5222 of the Revised Statutes in the same manner as if the shareholders had voted to go into liquidation, as provided in section 5220 of the Revised Statutes, and the provisions of sections 5224 and 5225 of the Revised Statutes shall also be applicable to such associations.

The Funding Bill which has passed the Senate, reads as follows:

The Secretary of the Treasury is hereby authorized to receive at the Treasury and at the office of any Assistant Treasurer of the United States and at any postal money-order office, lawful money of the United States to the amount of $50 or any multiple of that sum, or any bonds of the United States bearing 3½ per cent. interest, which are hereby declared valid, and to issue in exchange therefor an equal amount of registered or coupons bonds of the United States of the denominations of $50, $100, $500, $1000, and $10,000, of such form as he may may prescribe, bearing interest, at the rate of three per cent. per annum, payable either quarterly or semi-annually at the Treasury of the United States. Such bonds shall be exempt from all taxation by or under State authority, and be payable at the pleasure of the United States: provided, that the bonds herein authorized shall not be called in and paid so long as any bonds of the United States heretofore issued bearing a higher rate of interest than three per cent,, and which shall be redeemable at the pleasure of the United States, shall be outstanding and uncalled. The last of the said bonds originally issued and their substitutes under this act shall be first called in. and this order of payment shall be followed until all shall have been paid. The money deposited under this act shall be promptly applied solely to the redemption of the bonds of the United States bearing 3½ per cent. interest; and the aggregate amounts of deposits made and bonds issued under this act shall not exceed the sum of $200,000,000. The amount of lawful money so received on deposit as aforesaid shall not exceed at any time the sum of $25,000,000. Before any deposits are received at any posta money-order office under this act, the Postmaster at such office shall file with the Secretary of the Treasury his bond, with satisfactory security, conditioned that he will promptly transmit to the Treasurer of the United States the money received by him in conformity with regulations to be prescribed by such Secretary; and the deposit with any Postmaster shall not any time exceed the amount of his bond.

SEC. 2. Any National-banking association now organized, or hereafter organized, desiring to withdraw its circulating notes upon a deposit of lawful

money with the Treasurer of the United States, as provided in section four of the act of June 20, 1874, entitled "An Act fixing the amount of United States notes, providing for a redistribution of National-bank currency, and for other purposes," shall be required to give thirty days' notice to the Comptroller of the Currency of its intention to deposit lawful money and withdraw its circulating notes; provided, that not more than $5,000,000 of lawful money shall be deposited during any calendar month for this purpose; and provided further, that the provisions of this section shall not apply to bonds called for redemption by the Secretary of the Treasury.

SEC. 3. That nothing in this act shall be so construed as to authorize an increase of the public debt.

THE SAVINGS BANKS OF CALIFORNIA.

The following statement of the condition of the Savings banks doing business in San Francisco, has been prepared by the Bank Commissioners from the semi-annual reports made to January 1st:

RESOURCES.

Bank premises	$507,705 32
Real estate by foreclosure	4,798,858 04
United States bonds (cost)	11,025,108 47
Other stocks and bonds	527,650 44
Loans on real estate	27,175,225 07
Loans on stocks and bonds	1,458,001 43
Loans on other securities	7,500 00
Money on hand	1,612,498 63
Deposited in banks	788,421 49
Other assets (interest accrued)	509,186 03
Total resources	$48,410,154 92

LIABILITIES.

Capital paid up	$1,644,195 00
Reserve fund	1,614,521 61
Due depositors	44,914,014 65
Other liabilities	237,423 66
Total liabilities	$48,410,154 92

The following table shows the changes in the aggregate items, for the six months ended December 31, 1881:

RESOURCES.

Decrease as follows:	
In other (than U. S.) stocks and bonds	$1,612 25
In loans on real estate	3,670,510 23
In loans on stocks and bonds	110,388 82
In loans on other securities	9,433 00
In other assets (interest accrued)	123,243 68
Total decrease in above items	$3,915,187 98
Increase as follows:	
In real estate owned	$643,753 27
In United States bonds	5,114,370 02
In cash	769,409 88
Total increase in above items	$6,527,533 17
Less decrease as above	3,915,187 98
Net increase in resoures	$2,612,345 19

LIABILITIES.

Increase in deposits	$2,591,938 15
Increase in other liabilities	112,002 81
Total	$2,703,940 96
Less decrease in capital and reserve	91,595 77
Net increase in liabilities	$2,612,345 19

The condition of the San Francisco banks, December 31, was as follows:

	Cash on hand Dec. 31.	*Deposits.*	*Real estate.*	*Amount loaned on Real estate.*	*Investments in stocks and bonds.*
Security	$15,071	$1,611,845	$170,844	$1,015,557	$100,202
Savings Union	180,710	10,651,882	816,554	7,608,780	1,470,690
Saving and Loans.	138,518	2,289,968	1,835,139	631,820	332,904
Humboldt	13,844	1,488,610	39,968	1,277,810	170,508
Hibernia	638,276	17,247,976	1,424,031	8,131,251	7,812,243
German	606,650	9,435,639	466,761	7,364,586	860,000
French	10,751	1,916,053	——	928,616	787,148
California	10,644	279,038	45,557	215,713	19,000
Total	$1,614,464	$44,921,011	$4,798,854	$27,174,133	$11,552,695

BOOK NOTICES.

Encyclopædia of Political Science, Political Economy, and of the Political History of the United States. Edited by JOHN J. LALOR. Vol. I. Abdication—Duty. Chicago: Rand, McNally & Co.

This is a very useful and praiseworthy undertaking. The work is not intended to cover the ground occupied by publications like *The American Cyclopædia* or the *Encyclopædia Britannica.* It simply covers a portion of the field; but within that limit it aims to give ampler knowledge than can be found in the more voluminous works of this nature.

The editor himself is known to the public through his excellent translations of *Von Holst's Political History of the United States,* and a part of Roscher's great work on *Political Economy.* He has not attempted to prepare an encyclopædia wholly from new sources, but he has drawn freely from foreign works of a similar class, adding such original contributions as were necessary to make the work more useful to those for whom it is specially intended.

The topics possessing the most direct interest for our readers, of course, relate to banking, and these have been written by very competent persons. The first is a very concise article on "Bank Controversies," written by Alexander Johnston, of Norwalk, to whom was intrusted the preparation of all the topics relating to American history. This is followed by an article on "Banking in the United States," contributed by John Jay Knox, Comptroller of the Currency. Within its eighteen pages may be found a clear and condensed treatise on the subject, and it is not too much to say that it is by far the best and most readable account of banking in this country that has been written.

This article has been divided into three parts. The first is an account of the banking and paper-money experiments of the colonies, from the first issue of paper money by the colony of Massachusetts Bay in 1690, to the establish-

ment of the first bank in the United States in 1791. The second part includes a history of the two banks of the United States, and of the banking systems of the various States, including that of each of the best-known banks in the several States from 1791 to the commencement of the present National banking system in 1863, and also a brief consideration of the constitutional and legal questions involved in the banking discussions of this era. The third part is concerned with banking as it now exists in the United States, and contains valuable statistical information in reference to the State banks, Savings banks, private bankers, and National banks now in operation, covering the period since 1863.

There are other noteworthy articles relating to the "Functions of Banks" and "Commercial Crises." The former, by Edward Atkinson, within brief space gives a very satisfactory account of the theory of banking. The article on "Commercial Crises" is by Horace White, who treats this important subject in a masterly manner. The various leading theories which have been put forward in respect to the causes of these phenomena are discussed, the writer concluding that there is no remedy for them "except in the concurrence of mankind to keep out of debt, and to avoid all temptation to make gain without equivalent labor." The article on "The History and Management of Savings Banks," by John P. Townsend, contains an excellent account of the origin, growth and present condition of this class of banking institutions, both in the United States and in other countries, to which is added many valuable suggestions with respect to their management. Nor should we omit to mention the article entitled "Banks of Issue," by Prof. E. J. James, of Normal University, Illinois, which is a very clear and succinct presentation of that topic.

There are many other contributions, of great value, by American and foreign authors. David A. Wells contributes an exceedingly valuable article on "American Merchant Marine; its Growth, Decadence, and Decay," and also another, though less elaborate, on "Distilled Spirits, considered in reference to Taxation." We wish we had space to mention the names and contributions of other writers, but these must suffice, save to add the titles of those contributed by T. E. Cliffe Leslie on "Definitions in Political Economy" and "Cost of Production," which are marked with the same accurate and full knowledge—freed from pedantry—which distinguishes all his writings.

Although the work is not perfect, we take more pleasure in commending what we have than in finding fault for what we have not. It reflects great credit on all who have interested themselves in the enterprise, either in planning, editing, or publishing it, or in contributing to its pages.

The History, Principles, and Practice of Banking. By the late J. W. GILBART, F.R.S., formerly Director and General Manager of the London and Westminster Bank. New edition, revised to the present date, by A. S. Michie, Deputy Manager of the Royal Bank of Scotland. Two volumes. London: George Bell & Sons.

Any standard treatise on a subject dealing with practical affairs needs revision from time to time, however perfect the work may have been in the beginning. Nearly fifty years have passed since this work was written, and it is a striking proof of its excellence that during that time it has not been superseded. Although the business of banking has made wonderful strides

since this treatise first appeared, it is on the whole the best book of the kind in existence. There are plenty of books of great merit which treat of the theory of banking, but Gilbart aimed at a different end. While, therefore, he is generally regarded as *the* authority on practical banking, yet much which he said has gone out of date and new phases of banking have arisen. Mr. Michie has performed his task of revising the work with great judgment, eliminating what was no longer necessary, and adding all that was needed to carry the history of banking down to the present. The later chapters describe the events that have happened since the author's death, the banking crises of 1875 and 1878 occupying a large space. The last event was occasioned by the failure of the City of Glasgow Bank, and it was to be expected that Mr. Michie should devote considerable attention to it. The unique features of Scotch banking, which are richly deserving of study, are well presented in these volumes.

International Bimetallism and The Battle of the Standards. By EMILE DE LAVELEYE. London: P. S. King. 1881.

The pleasing intelligence has recently been received that the prize for the most valuable work in political and moral science produced in Belgium during the past five years, was awarded by the Belgian Government, on the unanimous report of a jury, to Mr. Laveleye for his "*Lettres sur l'Italie,*" his "*L'Agriculture Belge,*" and the new edition of his "*La Propriete et ses Formes Primitives.*" Though the publication above-mentioned was not included among those for which the prize was given, it is a very meritorious work and has justly excited much attention. A new translation into English of the latter portion has recently appeared, to which the translator has added very extensive notes in the way of extracts from different writers illustrating or sustaining the views of the author. The first part consists of an address that was read before the French Institute Academy of Moral and Political Sciences. These productions are well worthy of presentation to English and American readers; and if thoughtfully read, will impart new facts and impressions of great value.

Financial Review. (Annual.) Commerce, Banking, Investments. New York: WILLIAM B. DANA & CO., Office of the *Commercial and Financial Chronicle.* 1882.

The accuracy and fullness of the statistics here presented relating to commerce, banking, and investments in this country, render this a very valuable publication. The highest and lowest prices of stocks and other securities for every month are given; well-condensed information concerning railroads, their value and operations; the condition of the debts of the several States; the price of foreign exchange during the year; movements of gold and silver; and a great deal of other information relating to banks and bank stocks; and other matters of permanent value. It will serve a very useful purpose in every concern engaged in financial business.

Proceedings of the National Tariff Convention, held at the Cooper Institute, New York, November 29 *and* 30, 1881. Stenographically reported by R. A. WEST. Philadelphia: The American Iron and Steel Association. 1882.

Many of the addresses here printed are worth putting into the form which has now been given to them. They are of varying order of merit,

but more than one is replete with facts coming straight from the experience of business men, who show how the laws relating to taxation have directly affected them—wherein they have prospered by their excellence and suffered by their defects. Some of the best speeches are by no means the most elaborate; but of the longer ones those by Edward T. Johnson, John Roach, Alexander H. Jones, Joseph Wharton, and William D. Kelley, are noteworthy.

Robinsonian Universal Interest Tables. Boston: J. Watts Robinson. 1881. Pp. 116.

Of Interest Tables, there have been already issued so many, that a new one might be thought superfluous. Yet the claims put forth for this work would seem to justify its appearance. First as to conciseness, each rate of interest is displayed in full on all amounts from one cent to $1,000,000, and from one day to nine years, on *one opening* of the book, thus saving the time required in turning pages.

Interest is shown on a basis of 360 days to the year, at rates advancing by ¼ per cent. from ½ to 6½, and also from 7 to 12 per cent. And interest on the basis of 365 days to the year is shown at rates varying from 2 to 10 per cent. on all amounts for any time up to nine years.

Besides these tables, are others for averaging accounts for Compound Interest, Fractional Discounts, Accumulative Discounts, and also for Sterling Exchange. The table for fractional discounts, shows any rate by sixteenths, from one-sixteenth to twelve per cent. This table is also applicable to premiums, exchanges, and commissions. There is also a table of interest on daily balances, on any amount up to $1,000,000, at 1½, 2, 2½, 3, 3½, and 4 per cent.

Professor Robinson's book is the most comprehensive and complete of its kind. At the first glance it might be supposed to be somewhat complicated; but a few minutes study will enable any one of ordinary intelligence to avail himself readily of the facilities for saving time and labor which are afforded by its pages.

The International Review. ROBERT P. PORTER and HENRY GANNET, Editors. March, 1882.

The present number presents a more varied table of contents than any previous one under the present editorship. William D. Kelley contributes an article on the tariff question entitled "A Science Based on Assumptions." He is always at home in this field, and his paper is very readable, though here and there it is marred by a misstatement of fact for which there is no excuse. He knows the ground too well to justify him in handling some of the facts as he has. But his paper as a whole is a strong and timely production.

MISSOURI STATE DEBT.—The State Fund Commissioners have issued an order calling in 250 five-twenty State renewal bonds for payment on March 1. When these bonds are paid, the amount reduced since January, 1, 1871, will be $752,000.

INQUIRIES OF CORRESPONDENTS.

Addressed to the Editor of the Banker's Magazine.

I. Part Payment of Check.

A checkholder presents a check on a bank for payment, but there is not money enough to pay it in full. Can the checkholder demand the payment of all the deposits the drawer has in the bank?

Reply.—"If the bank has not funds enough to the credit of the drawer to pay his check in full, it is not obliged to make payment in part. Whether it would be justified in doing so may be questioned. There is no authority in point." Morse says this in the second edition of his work on *Banks and Banking*, which appeared in 1879. In Massachusetts it has been held that a check drawn upon a bank for more than the amount of the drawer's funds on deposit creates no lien npon, and gives the payee no right to the actual balance, until the bank has agreed to pay it *pro tanto*. *Dana* v. *Third National Bank*, 13 Allen 445.

In 1872, however, *Bromley* v. *Commercial National Bank*, was tried at *nisi prius* in the Court of Common Pleas of Philadelphia. See *American Law Times* for Nov. and Dec., 1872, vol. 5, p. 219. It appeared that the payee of a check for $725 presented it to the bank for payment. The teller, when about to pay it, discovered that there was but $229.92 to the drawer's credit The payee demanded this balance, but the bank refused to pay it. The plaintiff then offered to deposit a sufficient sum to the drawer's credit to make the check good, if the bank would pay, but the bank declined to pay even if this were done. The Court awarded the money to the holder of the check, declaring that having first presented a check which covered it which he was willing to surrender, he was entitled to the money. The case is also reported in the Banker's Magazine, vol. 28, p 97. Professor Parsons had previously intimated that in such a case the drawer would have no right to complain of part payment. *Notes and Bills*, vol. 2, pp. 78, 79. And Daniel adds, that "as the holder consents, the bank would have no right to refuse it." *Neg. Inst.*, vol. 2, § 16, 20. This admirable author expresses the following opinion on this important subject, which doubtless may be safely followed: "It is quite clear, we think, that unless the holder will surrender the check the bank is not obliged to pay it in part, for it is entitled to the check as a voucher. But if the holder offers to give up the check on receiving part payment, we cannot perceive that the bank would be warranted in refusing such part payment; and so, likewise, if the holder would place a sufficient sum to the drawer's credit to make the check good before drawing out the amount."

II. Payment of Altered Check.

$50. Green Bay, Wis., Feb. 15, 1882.

The Kellogg National Bank of Green Bay,

Bearer
Pay to John Doe, or ~~order~~,
Fifty Dollars. Richard Roe.

On the back was the following words:

Central Bank, Paid Feb'y 20, 1882, Green Bay, Wis.

A check similar to the above was presented to the Kellogg National Bank for payment, by the Central Bank. The word "order" was altered to "bearer" by some person unknown to either bank.

If the Kellogg Bank should pay this check and afterwards find out that it had been altered fraudulently, and John Doe should claim the money, could that bank recover from the Central Bank?

Reply.—A brief statement of the law concerning the payment of a check by a bank other than that on which it is drawn is needful. It is not in the ordinary course of business for a bank to do this, even though the check be indorsed by the payee and he is a customer of the paying bank. "Properly speaking," says Morse, "it is said, such a check ought to be deposited for collection, and the depositor should draw his own check for whatever amount he wants. If the bank does so cash the check, and there proves to be anything wrong about it, the bank stands at the disadvantage always attendant upon having done an act not in the ordinary course of business." *Banks and Banking*, 280, 2d ed. See *Bristol Knife Co.* v. *First National Bank*, 41 Conn. 421.

We will now proceed to answer the inquiry whether the Kellogg Bank can recover from the other. It is a clearly settled rule that payment of a check to any other person than the maker has directed does not discharge the obligation of the bank to such payee. The rule is also settled that when a bank pays to any person the amount of a check, fraudulently altered after signing it, the bank may recover back the money from such person. Morse on *Banks and Banking*, 350, 2d ed. The justness of this rule no one will question. Now, if the Kellogg Bank had paid the check to the wrong person, that is, to the person whom the Central Bank paid, unquestionably it could have recovered from him. But are not the rights of the Kellogg Bank equally strong against the other bank? The latter bank had no right to the money. It is true, it had paid the check, but, as we have seen, the check was not drawn on that bank, and it was not under the slightest obligation to pay it; and by doing so incurred whatever risks there might be if the check proved defective. The Kellogg Bank has no claim against the person to whom the Central Bank paid the money; if therefore it cannot recover of the Central Bank, it cannot recover at all. We think the law is clear that it has a remedy against the Central Bank, and that institution in turn can recover from the person to whom it paid the money.

III. Delivery by Carrier on Holiday.

An express company attempts to deliver a package of currency on the 22d of February at a bank, and finding no one there, sends the enclosed card through the post office: "First National Bank, &c. The ——— Company has received a consignment to your address, please call and present this notice James Cook, Agent." The agent claims that the express company was released from liability for loss of the package after trying to deliver on a holiday. Is there any foundation for such a claim?

REPLY.—Delivery should be made on a business day. *Sleade* v. *Payne*, 14 La. Ann. 453. Redfield says in a note in his work on *The Law of Railways*, "a tender at a bank, out of known and recognized banking hours, is obviously no tender at all." Vol. 2, p. 33, 5th ed. To the same effect is the dictum of the court in *Sweet* v. *Barney*, 24 Barb. 533. The twenty-second of February was a legal holiday and the banks were closed throughout the State where the bank in question existed. It is very clear that the express company did not fulfill their duty by simply attempting to deliver on that day, and are liable for the loss.

IV. SIGNATURE OF AN AGENT.

Does a draft signed by an employee of a private banking firm as cashier bind the firm, the firm name not being signed?

REPLY.—Although it is a general rule that no party can be charged as principal on a negotiable instrument unless his name is disclosed thereon, yet it is equally well settled that it is not absolutely necessary to use the principal's name, he may, by adoption, employ that of his agent. Daniel says, "Individuals, as well as corporations, may sometimes be held liable upon negotiable and other contracts, executed and entered into under a name or style different from that which usually belongs to and is used by them, and in which their own proper names or signatures do not appear at all. But such liability exists only where it is affirmatively and satisfactorily proved that the name or signature thus used is one which has been assumed and sanctioned as indicative of their contracts, and has been, with their knowledge and consent, adopted as a substitute for their own names and signatures in signing bills and notes, or executing other written contracts. In such cases the adopted name is in law equivalent to the actual name of the party." *Neg. Ins.*, § 304, and cases cited. *Edwards on Bills and Notes*, pp. 78, 79, 2d ed. It is clear under the above rule that if the cashier had been accustomed to signing drafts in this manner the firm are liable; but if he had not been, they cannot be subjected. Their liability turns wholly on the question of usage or custom by the firm.

V. CERTIFICATION OF CHECK.

A banking house, A, telegraphs to another banking concern, B, as follows:
"Is John Smith's check good for one hundred dollars?"
The answer was:
"John Smith one hundred dollars would be paid if presented now."
Suppose B had telegraphed thus:
"John Smith's check good for one hundred dollars,"
Would such a telegram have the same binding force on the sender as a regular bank certification? In other words, could B set apart, out of the funds in its hands belonging to John Smith, the sum vouched for to meet the check, though Smith should call before the check was received and demand his balance?

REPLY.—Such a certification would be sufficient. In *Espy* v. *Bank of Cincinnati*, 18 Wall, 604, a verbal certification was declared to be sufficient, although the court was reluctant to acknowledge the rule. See *Morse on Banks and Banking*, 316–318, 2d ed. The question has been discussed and settled in respect to the power of a cashier of a bank to certify, but not of a private

banking concern, because we suppose the point was too clear to be questioned. When a check has been thus certified, the only safe course is to retain enough money belonging to John Smith to meet the check when it shall be presented, even if this should not be for a long period. In the case of the *Girard Bank* v. *Bank of Penn Township*, 39 Penn. St. 92, the bank was held liable on a certified check, though not presented until nearly seven years after certification.

VI. Time of Payment.

A note for twenty thousand dollars is received for collection, dated October 26th, payable three months after date, with interest.

Shall interest be computed by calendar months or by days? In other words, shall interest be paid for ninety-five days or ninety-three?

Reply.—Nothing is better established in the law than that when the word month is used in specifying the time of payment, a calendar month is understood. *Dan. on Neg. Ins.* § 88. The note in question was therefore due on the 29th of January, including the three days of grace, making ninety-five days.

VII. Stamping Public Checks.

Are County and State Treasurers required to stamp their checks on a bank when required officially?

Reply.—The Commissioner of Internal Revenue long ago decided that "the check of the State Treasurer, for moneys belonging to the State, is exempt from stamp duty." But the orders of a Town Treasurer upon the State Treasurer, for money due to the town, are not exempt. *Boutwell's Manual of Direct and Excise Tax System*, p. 192, 4th ed. The checks of State Treasurers, therefore, are exempt, while the other class of Treasurers are doubtless governed by the same rule that appplies to Town Treasurers.

VIII. Forgery.

If a person draws a check upon a bank in which he has no account, in the name of a person who does not exist, does he commit a forgery?

Reply.—Yes. *Lockett's Case*, 1 Leach, 94; *Taft's Case*, ibid, p. 172; *State* v. *Givens*, 5 Ala. 747. Daniel says: "The signature of a fictitious name or firm, if made with intent to defraud, constitutes forgery. Thus uttering a forged order for the payment of money, signed 'Ret. Venest,' there being no such person in existence, is a forgery. So indorsing a bill in the fictitious name of 'John Williams.'" *Neg. Inst.* § 1345,

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IX. Erasure of Signature to Draft.

A party having accepted a draft, afterwards returns and wishes to erase his signature and refuses to pay the draft.

Should he be allowed to cross out his name, or should the acceptance be forwarded to the drawer with the statement that payment has been stopped?

Reply.—Edwards says that "though the accommodation maker of a note or acceptor of a bill stands in the relation of a surety toward the party for whose convenience the paper is made or accepted, they are nevertheless considered,

in courts of law, as the principal debtors, as the parties primarily liable. It follows that an accommodation maker or acceptor can only be discharged at law by payment or release, in the same manner as they are discharged from their liability on ordinary business paper." *Bills and Notes*, p. 530, 2d ed. It is very clear therefore, according to this rule, that the acceptor should not be permitted to erase his signature.

X. Bank Taxation.

The Constitution says: "Congress shall have power to lay and collect taxes, duties, imposts and excises, but all duties, imposts and excises shall be uniform throughout the United States."

Revised Statutes, Section 5214, state that National banks shall pay a duty upon circulation, and deposits, and capital.

Is not the duty unconstitutional?

Reply.—Our inquirer bases his question on the following views: "Such corporations and all other bankers are, or should be, upon the same footing as mercantile corporations and private companies, for all are alike merchants. If fact, some men combine a bank and a store in one place and in one set on books."

A great many cases have arisen respecting the constitutionality of State laws providing for the taxation of banks, but no one seems to have questioned the power of Congress to tax them. Our inquirer's objection goes too far. He might as well say that Congress should lay a uniform duty on all imports, or that it is unconstitutional to tax whiskey and tobacco, and a few other things, and leave others untouched. No doubt there is much in the present system of national taxation which is impolitic, but it is not for that reason unconstitutional. The desire of the banks to escape payment of the hard tax which they are now compelled to bear would long ago have led them to test the constitutionality of the law, if they had entertained any hope of success.

Government's Loan of a Check.—On March 12, 1868, Paymaster Holmes, United States Army, drew a check for $100 payable to the order of Thomas Dunlap, a private in a regiment of Pennsylvania volunteers, but by some means or other not known the draft fell into the hands of somebody who indorsed Dunlap's name thereon and obtained the money. In this way the draft passed from one person to another, each indorsing it in turn, until it reached the National Bank of Philadelphia, which paid its face value, and then transferred it to the National Park Bank of this city. The latter bank affixed its indorsement and obtained the money on the draft from the Sub-Treasury. Dunlap about this time renewed application for his money, and an investigation showed that the draft had been paid. By direction of the Treasury Department suit was brought against the Park Bank, and the action was tried in the United States District Court and won by the Government. By order of the Court the old check was entrusted to the care of the Park Bank as the basis of a suit by it against the Philadelphia bank. The latter bank in turn applied for the check to be used as the basis of a suit against the indorser to whom it had paid the money, and in the spirit of equity the department granted the request, directing the District Attorney to take the bank's receipt. The principle involved is a new one, as the Government has never before permitted such papers to leave its possession.

BANKING AND FINANCIAL ITEMS.

GOVERNMENT BONDS CALLED.—The following call for bonds has been issued :

TREASURY DEPARTMENT,
WASHINGTON, D. C., Feb. 7, 1882.

By virtue of the authority conferred by law upon the Secretary of the Treasury, notice is hereby given that the principal and accrued interest of the bonds herein below designated will be paid at the Treasury of the United States, in the City of Washington, D. C., on the 8th day of April, 1882, and that the interest on said bonds will cease on that day, viz.: Registered bonds of the acts of July 17 and August 5, 1861, continued during the pleasure of the Government under the terms of Circular No. 42, dated April 11, 1881, to bear interest at the rate of 3½ per centum per annum, from July 1, 1881, as follows :

$50, No. 1,951 to No. 2,150; $100, No. 13,701 to No. 14,700; $500, No. 10,001 to No. 10,700; $1000, No. 48,901 to 51,600; $5000, No. 16,151 to No. 16,850; $10,000, No. 32,231 to No. 34,950. Total, $20,000,000.

CHARLES J. FOLGER,
Secretary.

THE PURCHASE OF MUTILATED COINS.—The following circular has been issued by Director Burchard, of the Mint Bureau, regarding the purchase of mutilated silver coins at the mints of the United States :

The superintendents of the United States mints at Philadelphia, San Francisco, Carson and New Orleans, have been authorized to purchase mutilated and uncurrent United States silver coin of standard fineness, at the rate of $1 per ounce, Troy weight, when presented in sums of $3 and upwards. Coins can be forwarded to those mints by registered mail, or by express (charges prepaid), and the value will be returned, at the seller's risk and expense, by express, registered mail, check or draft. Persons sending full-weight United States subsidiary silver coins would receive, at the rate authorized, 80 cents per $1 of their face value, but, for mutilated coins, a less amount, proportioned to their deficiency in legal weight. At the rates paid, mutilated silver coins will be worth at the mints : Per ounce, Troy, $1 ; per ounce avoirdupois (about), 91 cents; per $1, face value (approximately), 70 to 76.

PROFITS FROM SILVER COINAGE.—The total profits of the coinage of silver bullion and trade dollars at the mint during the three fiscal years ending June, 1881, was $10,181,495. The law requires that $2,000,000 worth of silver bullion be purchased and made into dollars each month. It therefore requires $72,000,000 worth to be purchased in three years. The average price of bullion is believed to have been such that $88 in gold would buy enough silver bullion to make one hundred silver dollars. Upon this assumption, the $72,000,000 gold must have bought enough silver to make 81,818,181 silver dollars, and the profits must have been $9,818,181.

DIVIDENDS OF BROKEN BANKS.—The Comptroller of the Currency has declared a second dividend of 20 per cent. in favor of the creditors of the Mechanics' National Bank of Newark, which failed in December last, making in all, dividends amounting to $1,173,860.17—or 45 per cent. upon the claims of creditors. A dividend has also been declared in favor of the creditors of Charlottesville National Bank, Va., of 7 per cent., making in all 62 per cent.

TAXATION OF MARGINS.—The Commisioner of Internal Revenue has issued the following letter in response to one concerning the taxability of margins left to cover short sales by stock brokers :

Your letter of the 28th ult. is received and inclosing a copy of your mis-

laid letter of October 17, 1881, in which the following question is presented:

"A, an operator in stocks, gives to B, his stock broker, $1000, and orders B to sell 100 shares of stock for him. B, on this order, sells on the Exchange, in his own name, at the ruling price of the day, the 100 shares 'regular,' *i. e*, deliverable next day. To provide the stock for delivery he borrows 100 shares of C. The terms of the sale are that B may return it, or C demand it any day. Meantime, B deposits with C the full value of the stock on the day of the loan, and agrees to keep the full value and interest, but no more, with C till the stock is returned. If now the stock rises, C at once calls upon B to make a further deposit to keep him secured, and B must either do this or buy elsewhere, and return the stock, which would then, of course, cost him more than he borrowed. To cover this risk, the $1000 are left with him. The market may not rise, and the $1000 never be used; but all the same it is held as a guarantee fund against the contingency of a rise, and from the time of the sale of the 100 shares on A's order is not subject to A's order or control until C's loan is returned. Now, in this interval, while B holds the guarantee fund in this way, is it a deposit subject to tax?"

In reply I would say that the sum in question, held as you state, without being subject to check, draft or order, and not certainly payable either upon demand or at some future date, is not regarded as a taxable deposit under the internal revenue laws. But if after the completion of this speculation, the money should be left in the hands of the broker and banker, subject to his customer's order, it would then become a deposit, and should be included in the return made by the broker as a banker.

Respectfully, GREEN B. RAUM,
Commissioner.

A NEW BANK ORGANIZED IN NEW YORK CITY.—A New bank, called the Madison Square Bank, has been organized under the new law. The capital of $200,000 has been subscribed, and the bank will be opened for business as soon as its rooms in Twenty-third street, near Fifth avenue can be fitted up. W. Wetmore Cryder will be President, and among the stockholders are W. R. Grace, Charles M. Fry, David Dows, Lawrence Turnure, C. C. Baldwin, Charles Delmonico, G. G. Haven, R. P. Lounsbery, W. B. Dinsmore and E. H. Ludlow. Several of these are directors.

BANK INSTRUCTION.—Mr. C. B. Patten, Cashier of the State National Bank, and one of the most experienced bank officers in the Commonwealth, began on the 3d of January a series of practical talks on "Banking," at the Boston Young Men's Christian Union. The first lecture was upon "The Paying Teller and His Duties," and was very interesting and instructive. In the succeeding talks on Tuesday evenings upon the methods and machinery of banking, the "Receiving Teller," "Discount Clerk," "Book-keeper," and other officers and their duties were described and explained, and also "Sterling Exchange," "Dividend and Transfer Laws," and other subjects relating to banking, of which popular understanding is in many respects imperfect, and on which Mr. Patten's experience qualifies him to speak most intelligently.

NOTES IN THE CLEARING HOUSE.—The Supreme Judicial Court of Massachusetts has rendered a decision of much interest to banks, bankers and merchants. It is to the effect that promissory notes presented through the clearing-house are not to be treated like ordinary checks, this rule to hold good under the present regulations of the clearing-house banks. If the clearing-house banks see fit to adopt another rule which will place promissory notes on a par with common checks, there does not appear to be any valid objection, except the right of the payer, who, of course, may reserve the right of paying on the last day of grace, and just before the bank closes where the note is payable. The right of the note-maker seems to make promissory notes a somewhat undesirable element in clearing-house transactions, which in such things are generally but preliminary, not final, settlements.

LIABILITY OF SHAREHOLDERS.—A case of considerable interest and involv, ing over $10,000, was argued before Judge McArthur, of the Circuit Court- in the District of Columbia, on the 29th of January. It was a suit brought against the Receiver of the German-American National Bank of Washington to recover back from him the amount paid by a shareholder of the bank. Two points were decided by the Judge, viz.: first, that the payment was voluntary, and, therefore, could not be recovered back; second, that upon a sale of National-bank stock, the transfer on the books of the bank is essential to relieve the seller from liability to creditors.

A TOWN-BONDING HISTORY.—The Township of Greenwood, in Steuben County, New York, a peaceful agricultural commumity, with a population of 1400, is assessed at a valuation of $260,000. A bond tax of $8000 is now sought to be collected. In 1872, the town was bonded for $30,000 for the Rochester, Hornellsville and Pine Creek Railway, the Commissioners issuing bonds in violation of an agreement not to do so till the legality of the acts of the County Judge had been tested. In November, 1873, the Court of Appeals decided that the bonds were illegal. In May, 1874, the Legislature passed an act legalizing the acts of the Commissioners. The town continued to litigate, and only a few months ago, when all legal remedies were exhausted, and the legality of the bonds was sustained, the railroad was abandoned, the town having nothing to show for its bonds except a few miles of inexpensive grading. The bond tax has been spread upon the rolls a number of times, but the inhabitants refused to pay it, while paying the State and county tax. The collector made levies and advertised the sales, but there were no bidders. The taxpayers assembled in large numbers for intimidation, and one would-be bidder was knocked down. In April, 1878, the sheriff attended the sale with a posse of fifty men, but the collector, who was in sympathy with the taxpayers, claimed that the levies were not legal, and let the sales go down. On the seventh of February, the collector advertised ninety-two sales. The sheriff attended with twelve deputies. Two hundred and fifty taxpayers were present, many carrying clubs. One man bid, when he was jostled by the crowd and dared to bid again. There was no more bidding. The collector advertised ninety-eight sales for to-day. The deputy sheriff attended with a posse of forty men, at an expense of $500 to the county. Two hundred and fifty taxpayers also attended, and were quiet and orderly. The collector claimed that he was not sure of the legality of the levies, and adjourned the sales indefinitely.

WORRYING OVER THE WEAR OF GOLD COIN.—It is estimated that hte average weekly depreciation of the $7,000,000 in gold held by the Boston banks is nearly $300, or say $15,000 per annum, the calculation being made on the recognized basis that a gold coin in use actually loses a five-hundredth of its weight in a year. The coin is packed in bags of $5,000 each. These bags are passed from bank to bank, and the constant friction which is made in handling and weighing wears away the edges and faces of the coin, so that, sooner or later, a bag falls short in weight, and valuable time as well as money is lost in determining which bank shall make good the deficiency, the labels attached to each parcel, on which appear the names of the banks through which the bag has passed, being the only means to aid in fixing upon the responsible party. The Treasury Department has refused to issue gold certificates for large amounts, on the ground that it would occasion trouble and expense for the Government. Other expedients proposed are—the appointment of an institution not chartered by the United States as a gold depository for the National banks, the interchange of certificates among the banks, and the establishment of the Clearing House as a depository. There are objections to each plan, and another—the division of the burden among five or six banks—is the one which may be temporarily adopted until Congress shall supply a permanent remedy. The packing of coin in bags is a conventional way, and it does not reflect much credit on the inventive faculties of bank officers that they have not thought out a better. If the coin were packed in boxes fitted with grooves in which the pieces would lie close and so confined that

the pieces would not move in course of transportation, and these grooves were made so that they could be lifted out, with their contents, the loss from friction in tumbling around the bags and pouring out the coin as though it was sugar would be very much reduced.—*Boston Transcript.*

COLORADO.—The assessed valuation of the State grew from $ 73,000,000 to $ 96,000,000 during 1881. The lowest estimate of the bullion output makes it $ 20,000,000, and over $ 9,000,000 has been spent on railway construction.

ILLINOIS.—A new banking firm has been organized at Canton, under the style of C. T. Heald & Co. The members are Messrs. C. C. Dewey, David Beeson, John W. Proctor, Theodore W. Thornton, James W. McCutchen, and C. T. Heald. Mr. Heald has been for twenty-five years in the banking business at Canton. For the past eighteen years he has been Cashier of the First National Bank, resigning his position at the January election to engage in this new enterprise. The associate members of the firm are all successful business men, their combined responsibility being stated to be upward of $ 300,000.

CINCINNATI.—The Metropolitan National Bank has now a fully paid-up capital of $ 500,000. Its officers are Joseph F. Larkin, President; Joseph R. Brown, Vice-president, and John R. De Camp, Cashier. Mr. Larkin is one of the most careful among the many able bankers of that conservative city.

GOLD NUGGETS.—The first piece of gold found in California was worth 50 cents, and the second $ 5. Since that time one nugget worth $ 43,000, two $ 21,000, one $ 10,000, two $ 8,000, one $ 6,500, four $ 5,000, twelve worth from $ 2,000 to $ 4,000, and eighteen from $ 1,000 to $ 2,000, have been found and recorded in the history of the State. In addition to the above, numberless nuggets worth from $ 100 to $ 500 are mentioned in the annals of California gold mining during the last thirty years. The two first referred to were exchanged for bread, and all traces of them was lost. The finder of one of the $ 8,000 pieces became insane the following day, and was confined in the hospital at Stockton. A carefully compiled history of the gold hunters of 1850-'60 would be interesting reading in these latter days.

GOOD USE OF PUNCHED SILVER.—It has been found what goes with all the punched silver, now that the business people are generally refusing to take it. Every Sunday sees more and more of it in the church collections. People who find in their pockets a lot of silver coins with holes in them think the collection basket a good place in which to deposit them. It will be noticed that in these cases the coin is held, not in such a manner as to expose the hole to the gaze of the fellow-worshippers, but rather to conceal it and make it appear as if solid money. In giving punched money there is a curious combination of covetousness and benevolence. The giver bestows more than he would if the money were such as he could circulate in the ordinary way. But he gives it because he can do nothing else with it.—*Charleston News and Courier.*

LAND OFFICE REPORT.—The annual report shows the aggregate of land sold during the fiscal year. The following are the figures compared with those of 1880:

States and Territories.	*Acres,* 1880.	*Acres,* 1881.	*States and Territories.*	*Acres,* 1880.	*Acres,* 1881.
Alabama	473,091	350,420	Minnesota	1,173,331	852,266
Arizona	19,203	17,067	Mississippi	153,758	66,287
Arkansas	526,829	391,566	Missouri	141,355	98,587
California	584,072	362,791	Montana	109,579	109,969
Colorado	287,642	187,796	Nebraska	848,198	1,327,038
Dakota	2,673,333	2,268,809	Nevada	88,169	31,536
Florida	217,925	95,862	New Mexico	162,378	38,360
Idaho	149,126	120,322	Ohio	120	——
Illinois	747	——	Oregon	313,326	240,058
Indiana	40	——	Utah	134,394	97,818
Iowa	14,093	9,049	Washington	419,237	421,617
Kansas	1,299,014	1,524,905	Wisconsin	327,513	167,073
Louisiana	143,533	92,680	Wyoming	48,955	44,246
Michigan	448,084	250,786			

It will be seen that during the fiscal year, 1881, there was disposed of in excess of 1880, 72,671 acres in Alabama, 2,136 in Arizona, 135,263 in Arkansas, 221,281 in California, 99,846 in Colorado, 405,524 in Dakota, 122,063 in Florida, 28,804 in Idaho, 797 in Illinois, 40 in Indiana, 5,044 in Iowa, 52,853 in Louisiana, 197,298 in Michigan, 321,065 in Minnesota, 87,471 in Mississippi, 42,768 in Missouri, 56,633 in Nevada, 124,018 in New Mexico, 120 in Ohio, 73,268 in Oregon, 36,576 in Utah, 160,440 in Wisconsin, and 4,709 in Wyoming. It is noticeable that the increase in the Southern States, whither it is desirable for immigration to tend, aggregates over 513,000 acres in the States of Arkansas, Florida, Louisiana, Mississippi, and Missouri.

THE NATIONAL BANK OF MEXICO.—The Government Commissioners have signed a declaration that all shares of the National Bank of Mexico have been subscribed for, and over $3,000,000 paid up. Eighteen thousand shares are held in Mexico, twelve thousand in New York, and fifty thousand in Paris. Under the terms of the concession the bank can now begin business.

BRITISH AND AMERICAN TARIFF.—Approximately considered, the British tariff levies and collects about $45,000,000 in duties on the produce and manufactures of the United States imported into England, and, on the other hand, the United States tariff levies and collects about $40,000,000 annually on the produce and manufactures of the United Kingdom. So far as "hardship" is concerned it is about an even thing.—*Boston Commercial Bulletin.*

BANKING IN GREAT BRITAIN.—While banking in Great Britain is rather on the decrease, in this country it is rapidly increasing. The London *Economist* estimates the gross deposits in all the banks of the United Kingdom at the present time at £620,000,000 to £630,000,000, against £550,000,000 to £560,000,000 in the autumn of 1878. Comparing the growth of deposits in our National banks with these figures we find that in October, 1874, they amounted to $669,000,000, and declined steadily in the October settlement until 1877, when they were only $616,000,000. Since then they have been growing rapidly. They were $622,000,000 in 1878; $719,000,000 in 1879; $873,000,000 in 1880, and last October they were reported at $1,071,000,000. If to this last named sum be added the $300,000,000 or more individual deposits in the State banks, the sum will be rather more than half the banking deposits of Great Britain.

JAPANESE MINT.—The imperial mint, situated in Osaka, is in a very flourishing condition. During the year ending June 30, 1879, there were coined 92,073 gold pieces, of the respective denominations of 20, 10, 5, 2 and 1 yen, to the value of $460,365; of silver pieces 5,008,241, consisting of yen trade dollars, 50, 20, 10 and 5 sen pieces, of the value of $2,076,954.95; of copper, 83,323,809 pieces, of denominations of 2, 1 and ½ sen, and 1 rin, value $3,434,556.29; total, 88,424,123 pieces, of the value of $5,971,876.24. The total value of coins struck at the mint, from the commencement up to the 30th of June, 1879. is $86,279,113.42. During the year referred to 89 ingots of refined gold have been supplied from the mint to the Imperial Government—the whole number supplied during the working of the institution being 390—and ten of refined silver, aggregating in value about 4,049,715 yen. The number of medals manufactured during the year, of silver, copper and German silver, was 7,302. The machinery used is French, German and English. Some of the scales in use, with most exquisite balances, were made at the mint.

EGYPTIAN FINANCES.—From the figures of the Egyptian Budget, both revenue and expenditure show an increase over the totals in the previous budget, but the revenue is apparently estimated at a lower amount than the actual receipts will prove to have been, so that the estimate is by no means an extravagant one. The one unfavorable feature in the budget statement is the increase in the army estimates, "which, besides the sum of £39,000, granted during the past year for increased pay, show an increase of £100,000." Such figures are eloquent of the unfortunate predominance which the Egyptian colonels have obtained in the country, and which continues to be one of the dangers for the future of Egyptian finance.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from February No., page 642.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
COL.	Fort Collins....	First National Bank.......	Chemical National Bank.
	$50,000	Franklin C. Avery, *Pr.*	and *Acting Cas.*
"	.. Poncha........	Merchants & Miners' B'k (H.	C. Hayden, *Cas.*) Kountze Bros.
DAKOTA	Ordway	Brown County Bank (Wm.	Davidson) Traders' B'k, *Chicago.*
"	.. Wahpeton.....	First National Bank.......	Importers & Traders' Nat. B'k.
	$50,000	W. H. Hayward, *Pr.*	A. J. Goodhue, *Cas.*
ILL.	Canton........	C. T. Heald & Co.	National Park Bank.
"	.. Olney..........	Olney National Bank.	....
	$60,000	H. Spring, *Pr.*	J. H. Senseman, *Cas.*
IOWA.	Des Moines....	Merchants' National Bank.	Donnell, Lawson & Simpson.
	$100,000	Homer J. Ransom, *Pr.*	William Christy, *Cas.*
"	.. Ottumwa......	Ottumwa National Bank..	United States National Bank.
	$100,000	Jos. G. Hutchison, *Pr.*	Charles P. Brown, *Cas.*
KANSAS.	Cawker City...	Farmers & Merchants' B'k.	Bank of North America.
		A. Parker, *Pr.*	W. A. Renfry, *Cas.*
"	.. Downs	Bank of Downs...........	Bank of North America.
		H. P. Churchill, *Pr.*	J. W. Huff, *Cas.*
"	.. El Dorado.....	Butler County Bank.......	....
	$42,000	John Foutch, *Pr.*	Francis P. Gillespie, *Cas.*
"	.. Girard.........	Citizens' Bank...........	Chase National Bank.
		C. H. Brown, *Pr.*	Joseph T. Leonard, *Cas.*
"	.. Halstead......	Bank of Halstead.........	....
LA.	Baton Rouge..	First National Bank.......	....
	$100,000	William Garig, *Pr.*	James M. Pagand, Jr., *Cas.*
MD.	Baltimore	Manufacturers' Nat'l B'k...	....
	$300,000	William J. Dickey, *Pr.*	Samuel I. Hindes, *Cas.*
MINN.	Long Prairie...	Bank of Long Prairie......	Gilman, Son & Co.
		Andrew J. Smith, *Pr.*	William E. Lee, *Cas.*
MO.	Ash Grove.....	J. F. G. Bentley	Valley National Bank, *St. Louis.*
"	.. Rockport......	Bank of Atchison County..	Donnell, Lawson & Simpson.
	$15,000	Arch'd E. Wyatt, *Pr.*	William A. Rice, *Cas.*
MONT.	Butte City.....	Hoge, Brownlee & Co.....	Wells, Fargo & Co.
NEB.	Norfolk	Norfolk City Bank (I. B.	Donaldson & Co.) Kountze Bros.
N. M.	Socorro........	First National Bank.......	....
	$50,000	John W. Terry, *Pr.*	Neander S. Ernst, *Cas.*
N. Y.	Friendship.....	Citizens' National Bank...	....
	$50,000	S. McA. Norton, *Pr.*	Mortimer W. Potter, *Cas.*
"	.. Tarrytown.....	Tarrytown National Bank..	National Park Bank.
	$100,000	D. Ogden Bradley, *Pr.*	William D. Humphreys, *Cas.*
OHIO.	Lorain	First National Bank.......	....
	$50,000	William A. Braman, *Pr.*	Theo. F. Daniels, *Cas.*
"	.. Norwalk.......	Huron County Bkg. Co....	....
		Daniel H. Fox, *Pr.*	Pitt C. Curtis, *Cas.*
"	.. Van Wert	Van Wert National Bank..	First National Bank.
	$100,000	John M. C. Marble, *Pr.*	William H. Pennell, *Cas.*
OREGON	Pendleton	First National Bank.......	....
	$50,000	Levi Ankeny, *Pr.*	Samuel P. Sturgis, *Cas.*
"	.. Portland.......	Bank of Oregon..........	....
		Robert Bell, *Pr.*	William Denholm, *Cas.*
PENN.	Lancaster......	Fulton National Bank.....	....
	$200,000	John R. Bitner, *Pr.*	C. A. Fon Dersmith, *Cas.*
TEXAS.	Temple........	Bell County Bank (Downs	Bros.) S. M. Swenson & Sons.

CHANGES OF PRESIDENT AND CASHIER.

(*Monthly List, continued from February No., page 640.*)

Bank and Place.		*Elected.*	*In place of*
N. Y. CITY.	National Mechanics' Banking Association.	Thomas W. Evans, *Pr*...	F. Chandler.
		Michael F. Reading, *Cas*.	J. H. B. Edgar.
		J. P. Dickinson, *A. C*....	....
"	.. Citizens' Savings Bank........	Edward A. Quintard, *Pr*.	S. A. Bunce.*
CAL....	Union National B'k Oakland..	C. E. Palmer, *Cas*.......	....
COL....	National State Bank, Boulder..	Charles L. Spencer, *Cas*..	....
"	.. Rocky Mountain Nat'l Bank, Central City.	Hal Sayr, *Pr*.	J. S. Raynolds.
CONN ..	Merchants' National Bank, New Haven.	H. B. Bigelow, *Pr*......	N. Peck.*
"	.. Uncas National B'k, Norwich..	Edwin S. Ely, *Pr*........	L. Gould.
"	.. First National Bank, Stonington.	Wm. J. H. Pollard, *Pr*..	....
		N. A. Pendleton, *Cas*....	W. J. H. Pollard.
DAKOTA	First National Bank, Valley City.	C. F. Kindred, *Pr*	C. McC. Reeve.
		George Kanouse, *Cas* . .	H. Root.
DEL	National B'k of Wilmington and Brandywine, Wilmington.	Otho Nowland, *Cas*......	G. W. Sparks.
IDAHO..	First Nat'l B'k, Boise City.....	John Lemp, *Pr*	J. H. McCarty.*
ILL.....	Decatur National Bank, Decatur.	Kilburn H. Roby, *Cas*....	G. W. Bright.
		George W. Bright, *A. C*.	....
"	.. First National B'k, Galesburg..	Asa A. Matteson, *Cas*...	....
"	.. First National Bank, Greenville.	Abe McNeill. *V.P*.......	....
"	.. First National Bank, Olney..	Aden Knoph, *Pr*........	H. Spring.
		R. R. Byers, *Cas*.........	J. H. Senseman.
"	.. Farmers & Merchants' Nat'l Bank, Vandalia.	Edward L. Wahl, *Cas*...	D. Palmer.
IND	German Nat'l B'k, Evansville..	John A. Reitz, *Pr*.......	S. Orr.*
"	.. First National Bank, Frankfort.	A. Given, *Pr*............	W. R. Carter.
		J. H. Coulter, *A. C*......	A. Given.
"	.. City National Bank, Goshen.	Joseph H. Defrees, *Pr*...	A. C. Jackson.
		Thomas H. Daily, *Cas*...	....
"	.. Rush County Nat'l B'k, Rushville.	William A. Posey, *Cas*...	J. Megee.
IOWA...	First National Bank, Maquoketa.	T. E. Cannell, *Pr*.......	*Not* Connell.
		Matthew Dalzell, *A. C*...	....
"	.. First Nat'l B'k, Sigourney......	G. D. Woodin, *Pr*.......	J. Keck.
"	.. First National Bank, Washington.	Joseph Keck, *Pr*.........	N. Everson.
		Norman Everson, *V. P*..	L. Mayer.
KANSAS.	Concordia State Bank.........	H. R. Honey, *Cas*.......	L. E. McDonald.
LA	State National Bank, New Orleans.	T. R. Roach, *Cas*........	J. E. Jarreau, *Act'g*.
		J. E. Jarreau, *Ass't Cas*..	....
MAINE..	First National Bank, Bath.....	Galen C. Moses, *Pr*.....	O. Moses.
SS...	Nat'l Hide & Leather B'k, Boston.	R. P. Weeks, *Cas*........	S. Carr, Jr.
"	.. North Nat'l Bank, "	John B. Witherbee, *Pr* .	G. Whitney.
		E. A. Burbank, *Cas*......	J. B. Witherbee.
"	.. Grafton Nat'l B'k, Grafton....	George K. Nichols, *Pr* ..	J. D. Wheeler.
"	.. First Nat'l B'k, Marlboro......	F. C. Claflin, *Cas*........	E. C. Whitney.
"	.. First Nat'l B'k, Newburyport..	W. F. Houston, *Cas*.....	T. F. Stickney.*
"	.. South Danvers Nat'l B'k, Peabody.	George M. Fisher, *Cas*...	G. A. Osborne.*
"	.. Agricultural Nat'l B'k, Pittsfield.	J. R. Warriner, *Pr*......	E. H. Kellogg.*
		I. D. Ferrey, *Cas*	J. R. Warriner.
MICH....	First National Bank, Holly ..	James C. Simonson, *Pr*..	L. Axford.
		S. S. Wilhelm, *Cas*	J. C. Simonson.
"	.. Richmond Bank, Richmond ...	E. B. Keeler, *Cas*........	M. C. Acker.

* Deceased.

	Bank and Place.	Elected.	In place of
MINN...	Union Nat'l B'k, Rochester..	M. J. Daniels, *Pr*........	....
		T. H. Titus, *Cas*........	M. J. Daniels.
MISS....	Vicksburg Bank..............	H. C. Kuykendall, *Act. C.*	T. R. Roach, *Cas*..
MO....	Butler National Bank, Butler.	B. Powell, *Pr*..........	C. H. Dutcher,
		T. W. Childs, *V. P*.....	L. Shobe.
"	.. First National Bank, Clinton ..	James M. Avery, *Pr*.....	J. G. Dorman.
MONT ..	First Nat'l B'k, Fort Benton...	R. A. Luke, *Cas*.........	....
N. H...	Citizens' National B'k, Tilton..	Austin F. Pike, *Pr*......	E. Davis.
N. J....	Freehold National Bkg. Co., Freehold.	A. R. Throckmorton, *Pr.*	W. Statesir.
		William Statesir, *V. P*...	....
		T. A. Ward, *Cas*........	J. L. Terhune.
"	.. First National Bank, Red Bank.	Asher S. Parker, *Pr*......	J. H. Peters.
		J. L. Terhune, *Cas*......	H. Ely, Jr.
		T. S. Hubbard, *A. C*.....	....
N. Y...	Wappingers' Savings Bank, Wappingers' Falls.	W. Henry Reese, *Pr*.....	S. W. Johnson.*
"	.. First National Bank, Whitehall.	A. C. Sawyer, *Pr*........	S. K. Griswold.
		E. A. Martin, *Cas*.......	W. M. Keith.
N. C....	Commercial National Bank, Charlotte.	R. M. White, *Pr*.........	F. Coxe.
OHIO...	Merchants' National Bank, Cincinnati.	H. C. Yergason, *V. P*....	....
		W. W. Brown, *Cas*......	H. C. Yergason.
"	.. Third National B'k, " .	J. D. Hearne, *Pr*........	....
"	.. First National Bank, Bryan....	Oscar Eaton, *Cas*........	D. C. Baxter.
"	.. Second Nat'l B'k, Hamilton...	John E. Heiser, *A. C*....	....
"	.. First Nat'l B'k, Painesville.....	C. D. Adams, *Cas*......	H. C. Nellis.
"	.. First National Bank, Toledo.	S. D. Carr, *Cas*..........	....
		V. H. Ketcham, Jr., *A. C.*	....
"	.. Merchants' Nat'l B'k, " ..	W. O. Parker, *Pr*.......	W. W. Griffith.
"	.. Waynesville National Bank....	W. H. Allen, *Cas*.......	J. Evans.
PENN...	First National Bank, Glen Rock.	A. M. Wm. Herbst......	C. Frye.
"	.. Farmers & Mechanics' N. B. Mercer.	B. Magoffin, *Pr*.........	Drops the "Jr."
"	.. Nat'l B'k of Beaver County, New Brighton.	M. T. Kennedy, *Pr*......	J. Miner.
"	.. First National Bank, Newville..	I. B. Davidson, *Cas*.....	J. McKeehan.
"	.. Commercial National Bank, Reading.	James T. Reber, *Pr*......	W. Young.
"	.. Second National Bank, Wilkes Barre.	E. W. Mulligan, *A. C*....	....
"	.. City Nat'l B'k, Williamsport...	Bodo Otto, *Pr*..........	H. L. Holden.
"	.. Farmers' National Bank, York.	Henry Nes, *Cas*.........	D. H. Gardner.
R. I....	Nat'l Union B'k, Woonsocket..	Bradbury C. Hill, *Pr*....	W. Cook.
S. C....	National Bank of Spartanburg	George Cofield, *Pr*......	D. C. Judd.
		L. C. Cannon, *Cas*......	G. Cofield.
		W. E. Burnett, *A. C*....	L. C. Cannon.
TENN ..	National Bank of Pulaski....	Noble Smithson, *Pr*.....	W. F. Ballentine.
		F. Smithson, *Cas*........	G. T. Riddle.
TEXAS..	City National B'k, Fort Worth.	John Nichols, *V. P*......	....
VT.....	National Bank of Lyndon......	L. K. Quimby, *Pr*.......	H. Chase.
"	.. National Bank of Middlebury..	Albert A. Fletcher, *Pr*...	J. W. Stewart.
WASH..	First Nat'l Bank, Walla Walla.	H. E. Johnson, *Cas*.....	W. Fraser.
W. VA..	First Nat'l Bank of Jefferson, Charlestown.	H. O. Talbott, *Pr*.......	E. Tearney.
"	.. Nat'l Exchange B'k, Weston...	A. H. Kunst, *Pr*........	T. B. Camden.
WIS....	Citizens' National Bank, Beloit.	John Hackett, *Pr*.......	....
		D. S. Foster, *V. P*......	....
		C. B. Salmon, *Cas*.......	E. S. Greene.
		E. S. Greene, *A. C*......	....
"	.. First Nat'l Bank, Fox Lake....	J. T. Smith, *Pr*.........	J. W. Davis.
"	.. Union National Bank, Racine..	James R. Slauson, *Pr*....	H. Mitchell.

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(*Monthly List, continued from February No., page* 643.)

NEW YORK CITY		Hilmers, McGowan & Co.; admit Lewis Roberts, Jr.
" " "		Stout & Co.; limited copartnership renewed to February 1, 1885.
" " "		R. F. Tysen & Co.; Beverly Robinson and John G. Heckscher retire. J. F. Tysen admitted.
" " "		Whittemore & Co.; now Whittemore, Bramhall & Co.
COL.	Del Norte	Asa F. Middaugh; style now Bank of Del Norte.
"	Fort Collins	Larimer County Bank; now First National Bank. Same President, capital and correspondents.
DAKOTA	Grand Forks	Citizens' National Bank; paid capital $ 50,000.
"	Wahpeton	Richland County Bank; now First National Bank. Same management.
KANSAS.	Girard	Joseph H. Booth; sold to Citizens' Bank.
"	Medicine Lodge	Merchants & Farmers' Bank; succeeded by Medicine Valley Bank. E. W. Payne, *Pr.* George Geppert, *Cas.*
MASS.	Boston	First National Bank; surplus $ 1,000,000.
"	"	George C. Brooks; special capital, $ 50,000, renewed to March 1, 1883.
"	"	Downer & Co.; admit Edward C. Fletcher.
MICH.	Anoka	Bank of Anoka; succeeded by State Bank of Anoka. Same Cashier and New York Correspondent.
"	Cheboygan	Rollo & Hitchcock; succeeded by Cheboygan Banking Co. (William McArthur & Co.) G. F. Raynolds, *Cas.*
"	Saranac	Lee Brothers; now Lee & Brown.
MINN.	Grand Meadow	Greening & Warner; dissolved. C. F. Greening continues.
MISS.	Meridian	Commercial Bank; attached in New York.
MO.	Macon	Farmers & Traders' Bank; suspended.
"	"	Macon Savings Bank; suspended.
"	Rockport	Durfee & Wyatt; succeeded by Bank of Atchison County.
MONT.	Fort Benton	First National Bank; capital increased to $ 100,000. Surplus and profits $ 28,500.
N. Y.	Watertown	Merchants' Bank; failed.
OHIO.	Manchester	Blair, Grimes & Co.; succeeded by R. H. Ellison as Manchester Bank.
"	Springfield	Second National Bank; capital now $ 200,000.
"	Van Wert	Emerson, Marble & Co.; now First National Bank. Same management.
PENN.	Philadelphia	Cassatt & Co.; admit Richard H. Townsend, Jr.
TEXAS.	Corsicana	Jester, Prendergast & Co.; now Jester Brothers.
VA.	Charlottesville	People's National Bank; surplus $ 3,500.
WIS.	Appleton	Commercial National Bank; paid capital, December 1, 1881, $ 100,000.
"	Beloit	Manufacturers' Bank; now Citizens' National Bank.

A NEW SAFETY CHECK.—We have been shown, by Mr. Theodore L. Currie, of Newark, N. J., the design of a patent safety check, which is claimed to be an absolute protection against fraudulent alteration or counterfeiting. It is a combination of an especial paper and geometrical lathe-work, and is highly commended by experts. Arrangements for the manufacture of these checks are now in progress, and will shortly be announced.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from February No., page 644.)

No.	*Name and Place.*	*President and Cashier.*	*Capital Authorized.*
2621	Ottumwa National Bank......... Ottumwa, IOWA.	Joseph G. Hutchison, Charles P. Brown.	$ 100,000
2622	First National Bank............. Fort Collins, COL.	Franklin C. Avery, William G. Bixby.	50,000
2623	Manufacturers' National Bank.... Baltimore, MD.	William J. Dickey, Samuel I. Hindes.	300,000
2624	First National Bank............. Wahpeton, DAK.	W. H. Hayward, A. J. Goodhue.	50,000
2625	First National Bank............. Lorain, OHIO.	William A. Braman, Theo. F. Daniels.	50,000
2626	Tarrytown National Bank....... Tarrytown, N. Y.	D. Ogden Bradley, William D. Humphreys.	100,000
2627	First National Bank............ Socorro, N. M.	John W. Terry, Neander S. Ernst.	50,000
2628	Van Wert National Bank........ Van Wert, OHIO.	John M. C. Marble, Willlam H. Pennell.	100,000
2629	Olney National Bank............ Olney, ILL.	H. Spring, J. H. Senseman.	60,000
2630	First National Bank............. Pendleton, OREGON.	Levi Ankeny, Samnel P. Sturgis.	50,000
2631	Merchants' National Bank....... Des Moines, IOWA.	Homer J. Ransom, William Christy.	100,000
2632	Citizens' National Bank.......... Friendship, N. Y.	S. McArthur Norton, Mortimer W. Potter.	50,000
2633	First National Bank............. Baton Rouge, LA.	William Garig, James M. Pagand, Jr.	100,000
2634	Fulton National Bank........... Lancaster, PENN.	John R. Bitner, C. A. Fon Dersmith.	200,000

SAVINGS BANKS IN INDIA.—An immense experiment long ago advocated in these columns is about to be tried in India. Savings banks, it has been announced by the Calcutta Government *Gazette*, are to be established in Bengal and the North-West, in connection with the Post Offices there existing; Bombay and Madras standing for the present excluded, on account of special arrangements with private firms in those two Presidencies. The administrative novelty will come into action next April, and at that date all Post Offices which are also money-order offices in the regions mentioned will be empowered to receive sums on deposit at interest. The minimum to be accepted is fixed at four annas, or six pence, and the maximum in one year at 500 rupees, or nearly £50. The number of the offices put in activity for this purpose will be 3800, and the rate of interest allowed is set at three and three-fourths per cent. per annum. Depositors may withdraw once a week, and there will be no fee or stamp upon transactions. Such in simplest outline is the plan, which, although excellent in design, and pointing to a vast financial possibility, will too probably fail for want of a proper purview and comprehension of all the conditions—at once splendid and difficult—of the problem.—*London Daily Telegraph.*

NOTES ON THE MONEY MARKET.

NEW YORK, FEBRUARY 28, 1882.

Exchange on London at sixty days' sight, gold 4.85½.

The event of greatest significance during the month was the shipment of gold to Europe. In the first week $3,300,000 were sent from New York, an amount exceeding that from the whole country in 1880 and 1881, and equaling within $800,000 our gold exports for 1879. The sending of a few millions of gold to Europe would be no occasion for concern, if the movement were likely to cease soon, but what clothes the event with so much significance is, that our trade with foreign countries, which for several years has been so large and profitable, is passing under a shadow. Our imports are increasing rapidly, especially of railroad materials, although it is reported that the means of payment for much that has been purchased but not delivered, are still to be raised. What makes the situation so exasperating is that our export trade is declining through the sheer force of speculators to keep up prices. Should these decline as they ought, our exports of breadstuffs would immediately revive, exports of specie would cease, and our foreign trade would immediately assume a healthier color.

The foreign purchasers of our breadstuffs have their usual supply for this season of the year, and will take only comparatively small quantities from us at present prices. Meantime they are getting all they need from other quarters of the world at lower rates, and ours remain unsold. To keep up prices, the speculators of course must depend on the banks to lend them money, and there is a growing unwillingness on the part of several of them to do this. The doubtless fear that there may be such a sudden decline in prices as to leave a gap below margins, and thus subject them to losses. So the speculators are lustily calling on the Secretary of the Treasury to pay interest in advance, and do whatever he can to cheapen the money market, and thus enable them to get the money needed to carry on their desperate game of fighting against the market. What the end will be it is not difficult to foresee. It is, however, assuring to know that the Secretary does not lend himself in any way to them.

For this reason, because speculators are absorbing so much money, rates do not grow much easier. These were lower a few days, just before Washington's Birthday, when the market for breadstuffs broke, but the speculators very soon succeeded in assuming control again, advancing rates and borrowing money, which at once stiffened its value. Evidently there is not much prospect for cheaper money while these gigantic grain speculations are going on.

So far as our market may be affected by the financial operations of foreign countries, the outlook is more hopeful. The worst of the crisis in France has passed, and also in England, where the action of the Bank of France in drawing away English gold was felt very keenly. The reserve of the Bank of England fell to a lower point than it has gone for many years, and to recover the loss a sharp advance in the discount rate to six per cent. was ordered,

which had the desired effect. The bank reserve was replenished, and after remaining at six per cent. for twenty-four days, the rate was reduced to five per cent. The Banks of France and Belgium have reduced their rate half per cent. lower still, though when the pressure for gold was greatest the latter bank did not hesitate to advance its rate to seven per cent. The unusual demand for gold abroad has done something to attract it from this side, yet even if the financial disturbances there all subside, the question of exporting gold is by no means settled unless a change shall come in our export and import trade.

There has been a notable decline in the price of railroad stocks during the month, and the best railroads have suffered in common with the worst, although the decline has not been uniform. Richmond and Danville went down from 219 to 130 in a single day, the 23d, a decline of 89 points. Louisville and Nashville, and Denver and Rio Grande also fell off heavily. Various reasons are given for these movements, but we have not space to consider them further.

At present prices, some of the best railroad stocks it is claimed are far more profitable and desirable to hold than Government bonds. If this be true, it should lead to the selling of the one kind of securities and the purchase of the other; but no unusual sales of Government bonds have been reported since the drop in railroad stocks.

We append the usual quotations of leading stocks for the month:

QUOTATIONS:	*Feb. 7.*	*Feb. 14.*	*Feb. 21.*	*Feb. 27.*
U. S. 6s, 1881, Coup...	101¼	101	101	101
U. S. 4½s, 1891, Coup.	115⅛	114¾	114⅝	114⅞
U.S. 4s, 1907, Coup...	118⅜	118½	118⅛	118⅛
West. Union Tel. Co..	81⅞	80¾	78½	80¾
N. Y. C. & Hudson R.	131⅜	130⅝	129½	132¼
Lake Shore...........	111¾	111½	108¼	115⅞
Chicago & Rock Island	133⅝	132	131¾	132
New Jersey Central...	95⅞	93⅞	93¾	95¾
Del., Lack. & West....	127⅜	125⅞	123¼	125¾
Delaware & Hudson..	108	107⅞	107¾	107½
Reading...............	62⅞	62¼	57¼	59¼
North Western........	133½	133⅛	131½	133
Pacific Mail..........	44½	42½	41¾	41¼
Erie..................	40	39⅜	37¼	38⅝
Discounts	5 @ 6	5 @ 6	5½ @ 6	5½ @ 6
Call Loans............	3 @ 6	5 @ 6	5 @ 6	4 @ 6
Bills on London.......	4.85 @ 4.90	4.85@4.90½	4.85@4.90½	4.85½ @ 4.90
Treasury balances, coin	$76,865,195	$80,143,896	$82,842,594	$84,427,041
Do. do. cur.	$4,538,630	$4,588,956	$4,543,109	$4,739,429

The reports of the New York Clearing-house banks compare as follows:

1882.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Feb. 4...	$328,852,000	$66,619,900	$18,843,400	$316,325,900	$20,089,200	$6,381,825
" 11...	327,913,500	63,229,500	18,484,500	310,651,300	19,940,100	4,051,175
" 18...	328,659,300	59,479,000	18,065,000	305,887,100	19,975,000	1,072,225
" 25...	325,034,900	55,753,800	17,260,700	297,790,300	20,066,700	1,433,075

The Boston bank statement for the past four weeks is as follows:

1882	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Feb. 4.......	$152,263,900	$7,343,200	$4,677,300	$95,551,600	$31,207,500
" 11.......	153,210,300	7,280,000	4,373,600	95,409,400	31,356,500
" 18.......	152,983,500	6,501,000	4,168,400	94,159,500	31,287,400
" 25.......	151,460,500	6,275,700	4,184,800	92,030,300	31,202,700

The Clearing-House exhibit of the Philadelphia banks is as annexed:

1882.	Loans.	Reserves.	Deposits.	Circulation.
Feb. 4	$76,608,917	$19,957,155	$70,430,214	$11,070,689
" 11	76,809,283	21,500,770	71,848,200	10,988,835
" 18	77,505,803	20,711,149	76,957,712	10,978,941
" 25	78,198,611	19,305,055	71,122,890	11,035,455

DEATHS.

At New York City, on February 2d, aged fifty-two years, SEYMOUR A. BUNCE, President of the Citizens' Savings Bank

At Paterson, N. J. on February 20th, aged fifty-eight years, JOHN COOKE, Vice-President of the First National Bank of Paterson, and of the Paterson Savings Institution.

At Nashau, N. H., on February 23d, E. P. EMERSON, President of the First National Bank of Nashau and the City Savings Bank.

At Richmond, Va., on February 21st, aged fifty-eight years, SAMUEL A. GLOVER, Cashier of the First National Bank of Richmond.

At New Haven, Conn., on December 31st, 1881, aged seventy-one years, SAMUEL HEMINGWAY, President of the Second National Bank of New Haven.

At Pittsfield, Mass., on January 23d, aged seventy years, ENSIGN H. KELLOGG, President of the Agricultural National Bank of Pittsfield.

At New Orleans, La., on February 2d, aged sixty-eight years, THOMAS LAYTON, formerly President of the Southern Bank of Louisiana.

At Chillicothe, Ohio, on February 15th, aged seventy-three years, WILLIAM MCKELL, President of the First National Bank of Chillicothe.

At Evansville, Indiana, on February 8th, aged seventy-two years, SAMUEL ORR, President of the German National Bank.

At Peabody, Mass., on January 22d, aged seventy-three years, GEORGE A. OSBORNE, Cashier of the South Danvers National Bank.

At New Haven, Conn., on January 26th, aged eighty-one years, NATHAN PECK, President of the Merchants' National Bank of New Haven.

At Albany, N. Y., on February 26th, aged sixty-seven years, ROBERT H. PRUYN, President of the National Commercial Bank.

At New York City, on January 5th, aged fifty-seven years, GEORGE W. SHERMAN, President of the Hoboken Bank for Savings, Hoboken, N. J.

At Newburyport, Mass., on January 25th, aged thirty-four years, THOMAS P. STICKNEY, Cashier of the First National Bank of Newburyport.

At Hudson, N. Y., on February 27th, aged sixty-four years, EDWIN C. TERRY, Vice-President of the Hudson River Bank.

At Troy, N. Y., on February 5th, aged sixty-eight years, D. THOMAS VAIL, formerly President of the Merchants and Mechanics' Bank of Troy.

At Jersey City, N. J., on January 7th, aged thirty-six years, E. A. WILSON, Cashier of the Second National Bank of Jersey City.

THE

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THE SURPLUS AND THE SINKING FUND.

Congress has provided by two acts which were passed the 25th of February, 1862, and July 14th, 1870, that one per cent. of the entire debt of the United States shall be purchased every year and set apart as a sinking fund, and that the interest in like manner shall be applied to the payment or purchase of the public debt. With these requirements the Secretary of the Treasury has not always complied. During some years more than the amount required by law has been purchased and redeemed; during others, the purchases have been very small. At times the debt has been increased. The fact is, the surplus of the revenues, after paying the current expenditures of the Government, have been applied in this manner; and if this was not large enough to fulfill the requirements of the law, it was violated. This, of course, was not the fault of the Secretary, for he could not buy bonds if he had nothing to pay for them; but it certainly is the fault of Congress to enact such a law and then disregard it.

There have been years since August, 1865—when the debt attained its greatest height—during which there was not a rightful observance of the sinking-fund law. Within the present year the total payments since the law was enacted have equaled the total sum required by it, and thus it is said there has been a substantial compliance with its terms; but nothing can be clearer than that Congress intended that one per cent. of the debt should be discharged annually. The

requirements of the sinking fund for the last fiscal year, including a balance of $49,817,128.78 due to it, amounted to $90,786,064.32. There was applied thereto from the redemption of bonds and fractional currency, the sum of $74,480,201.05, leaving a deficit of $16,305,873.17. Although this sum has now been paid it is clear enough that the law is worthless, if the same view is to be taken of it in the future which has prevailed in the past. The Government thus far has simply used the surplus revenues, after paying all other expenses, in liquidating the debt. If therefore this surplus is wholly employed in other ways debt-paying must cease.

It may be asked, why should not this obligation which the Government has incurred, to pay one per cent. of the debt annually, be regarded just as sacredly as any other? And if the National income is not sufficiently ample in any given year, or not likely to be, to discharge all the expenses of the Government, including also the payment accruing to the sinking fund, why should every other creditor be deemed to have a priority over the bondholder? By what law is this preference made? When Congress voted to pay one per cent. of the debt annually, did not this impose an obligation on the Secretary to execute it with as much strictness as the law appropriating money for improving harbors and the like? In the former case, the Government has made a distinct promise to its creditors which it has no right to disregard without their consent; in the latter case the appropriation does not affect contracts, and no promises are broken if the appropriation be not paid.

We have reminded our readers of these sinking fund acts, because there is a manifest disposition in Congress to increase appropriations and cut down the revenues to a point where there will be nothing left to apply on the debt. Congress would not dare entertain for a moment the idea of repealing expressly those acts. The members of that body know that if they did, a cry would go forth sharper and louder than any they have heard for a long period. To repeal those acts would be to proclaim the policy that a National debt is a National blessing, and that henceforth it must not be reduced. Such a step would be contrary to our hundred years of National experience, and would excite strong opposition from almost every quarter.

But to increase our appropriations and cut down our revenues will bring about precisely the same result. Such action will operate as an effectual repeal of the sinking-fund acts so long as they are executed in the manner they have been. No one should be deceived by the impending action of Congress. It means a radical departure in the policy of paying the debt, and a repeal of the laws promising to discharge one per cent. thereof annually.

But it may be said, are not the National creditors willing to have the debt continued? Doubtless most of them are. But even they, were Congress to repeal expressly the laws promising to pay them, would feel a little uncomfortable about it. Having set aside one clearly-understood promise to pay them, it would be easier to annul that written on the bonds themselves. The one promise is as solemn and sacred as the other, and if Congress dare repeal the one surely there is danger that the other promise too may be disregarded.

The diversion of the surplus which is now proposed is the first step toward repudiation. The step could not be taken in a slyer or more deceptive manner. The promise to pay the bonds is not openly repealed, but a way is marked out which, if followed, can have no other result. And it is intended to have this effect, to set aside the sinking-fund acts and to stop the payment of the debt.

But there is another class interested in this question besides the Government and the bondholders, namely the debt-payers. They constitute the far larger class; and what do they ask? Do they ask for the privilege of paying perpetual interest to the holders of bonds? Must they continue to pay it because the holders do not know where to invest their money if it is paid to them? It is not for the bondholders to ask that these become perpetual obligations.

We have now reached the very heart of this question. Those who for the most part are desirous of continuing the debt are controlled by narrow and selfish considerations. This charge cannot be brought against the banks, for, as we have shown at other times, they would be quite as well off if permitted to do business under State regulation, free from the present high taxation, as they now are under National regulation. Indeed, their profits doubtless would be larger, although it must be admitted that the public would not be so well served. But there is another class who are trying to cut down the surplus, namely, the protectionists, because they fear that if the tariff is reduced too much they will suffer. The success of the home manufacturer has always been heartily desired by the people, but when they are asked to pay the interest on the National debt beside the duties on imports, they may justly complain of bearing too heavy a burden. Now what do the protectionists propose? To continue the debt in order that high duties on imports may be imposed and thus the home manufacturer be protected in his business. To prevent the income of the Government from growing too large and thus necessitating the reduction of the debt, the protectionists propose to reduce the Internal Revenue taxes especially on whiskey and tobacco which can best afford to pay them.

Far be it from us to do aught to retard the progress of the American manufacturer, but we do not believe that it is in the least necessary to pursue such an extraordinary policy to protect him from foreign competition. They are imagining dangers where none exist. Moreover, by asking for so much, the continuance of the present duties without material amendment, beside the payment of sixty millions of interest on the National debt, they are demanding more from the people than at any other period of our history. If the demand be necessary to sustain them, it is a confession that all their efforts to compete with foreign manufacturers is a failure; if it is not necessary in order to sustain them, surely it ought not to be adopted.

It is to be feared that the people do not understand what are the real causes for sweeping away the surplus revenue and stopping the payment of the debt. They do not see that the real reason is to benefit a few at the expense of the many. Of course, it is easy to discover why foreigners look upon our present policy of paying the debt with disfavor. Some of them hope to see a reduction of the taxes on imports if it should be determined to pay the debt more slowly. Others see what an incubus and dead weight is a National debt and they desire to have us weighed down by ours as long as possible. They cannot help seeing that if the present policy is continued and the debt speedily paid, we shall occupy an exalted pre-eminence among the nations of the earth, that we shall be in a far more favorable condition to compete with them in the markets of the world than we are to-day; that our land, attractive as it is to the tax-burdened and oppressed of almost every clime, will offer still greater advantages to every industrious comer.

What, therefore, is needed just now to stop the movement which aims at reversing the policy of the Government with regard to paying its debt, which has always been observed whenever any debt existed, is to show in the clearest manner possible the object of prolonging it, what interests are to be served by it, and also how much vaster interests are to suffer. For it cannot be that the people when they understand the question will ever consent to thus bear unnecessary burdens for which they are never to get any reward, that a few, a very few, may reap large gains. There is neither justice nor reason in making the many suffer for the benefit of a comparatively small number.

In the financial budget recently presented to the Canadian Parliament by Sir Leonard Tilley, he expresses his admiration of the policy our nation is now pursuing of reducing the National debt. Older nations look on with admiring wonder. They cannot hope to remove the enormous incubus now weighing on them in the form of huge National debts. In our present policy we should take sincere delight, and no good, but only evil, will ever come from reversing it.

BANKS AND BANK DIRECTORS.

The arrest of Mr. Condict, one of the directors of the Mechanics' National Bank of Newark, for violating his trust, revives the subject of the duties of bank directors. The history of the management of this institution shows that the directors placed entire confidence in the cashier, and knew but very little about its business. It was emphatically a one-man power, and that man was Baldwin. The directors held meetings regularly; they spent, however, but little time and no trouble to know the real condition of the concern; their blindness was equal to their faith.

With one exception. Condict knew what Baldwin was doing. He sold his stock, thereby exhibiting the low prudence of many a person similarly circumstanced; kept his knowledge of the real condition of the bank to himself, and did not hesitate to share with Baldwin in the profits of lending the bank's money to Nugent & Co. He calmly looked on while Baldwin was madly steering the ship toward the rocks, and uttered not the faintest sign of warning. Even in these degenerate days, happily, there are not many who can coolly witness such scenes as these.

Though Condicts, let us believe, are rare, there are too many directors, like the rest of the Mechanics' Board, who have an imperfect knowledge of their trust, and who are very negligent in performing it. How many directors rarely, if ever, attend the meetings of their board? Often they are mere figure heads, and are intended to be. They are selected because of their eminent respectability, and not because it is expected that they will actively participate in the management of the bank. And then, of those who do attend the meetings how many do not take an intelligent and disinterested interest in the affairs of the institution. We fear that there are other boards like the board of the Newark bank, who have so much faith in the cashier that pretty much the whole business is left to his management.

There is another class of directors, however, who appreciate the utility of a bank—to them. They direct emphatically and direct in such a way as always to serve first their own interest. Their idea of a bank is that it is an institution existing mainly for their benefit, and they do not hesitate to use it in the promotion of their own interests, however much others may suffer by their conduct.

Within a few months we have witnessed some striking illustrations of the manner in which this class of directors do things. They have made large loans to themselves and to others directly interested with them, which were used in pur-

chasing and holding stocks, breadstuffs and provisions, with a view of selling at higher prices. In other words, the money thus obtained was used in purely speculative operations. Many millions have been loaned for this purpose since the beginning of last autumn in the leading banking centers.

The consequences of making such loans we have pointed out on previous occasions. Not only have breadstuffs, provisions and other articles been kept at such high figures as greatly to retard exports, but those engaged in legitimate business have been compelled to pay higher rates for money. Instead of being served first, and at the lowest rates, too often they have been served last, and at the highest prices. They keenly realize the cost of speculation to themselves. Engaged in healthful pursuits worthy of every encouragement, they have been pushed into the background, while the speculator has occupied the front seat in the market of the money lenders.

But some one will say, "This is the fault of the banking system." Not in the least. If there were no banks the same state of things might occur. There are private banks which are under no legal regulation in making loans which do the same thing. They loan just as freely to speculators as others. The fault, therefore, is not in the banking system; it lies primarily elsewhere. Of course, it would be well to stop this practice by law, if possible, but the law cannot reach it, and it is useless to frame any legal regulation on the subject. So long as money is deposited with the banks, those having directors concerned in speculations, or who are willing to foster them, will feed the fires as they have done in the past.

But there is a remedy, and a very effective one, too, which the depositors can employ if they will, namely, to deposit no money in banks which loan it to aid speculation. It would be doing the banks a great injustice to brand all of them alike in this regard. Many of them are utterly opposed to speculation, or to assisting in any way those who are engaged therein. Now, if merchants and others who are opposed to speculation should discriminate in making their deposits, and not countenance those banks that have such a small regard for them, the evil, to a great extent, would be remedied.

But what do we now see? We see depositors put their money into banks that loan it to the speculator, and when the merchant afterward desires a loan he must pay a higher rate or, perhaps, go without the money. In other words, the bank kindly uses his money to beat out his own brains. This is mainly the fault of the depositor. If he would put his deposits in some other bank, and if all who do not enjoy having their money loaned out to operators in Wall Street or on the floors of the exchanges would do likewise, how soon would this evil be corrected.

Of course, it seems easier to ask the State to become the

reformer than for individuals to do the work themselves. But there are a great many evils which the State is powerless to correct, and this is one of them. The State, in such cases, never moves effectively, and not infrequently does much harm, if attempting to do anything. But individuals surely can work out the desired reform without fear or trembling. They will find plenty of banks to receive their money, and employ it in the manner they would wish. It is easy enough to find banks that will serve men engaged in legitimate business in preference to the speculators, who for the last few months have been preying on the great business world. If those opposed to speculation are wise, they will no longer supply fuel to speculators by depositing money where they can get it through directors who are directly interested in speculative operations, or who are willing to assist others that are engaged in them.

THE VERMONT TAX LAW.

The Legislature of Vermont, at its last session, enacted a new law for assessing property, the effect of which has been to increase very much the assessed valuation of property in that State. It simply required all tax-payers to furnish the Assessors with lists of all their real and personal property, including a statement of all debts due them, mortgages, bonds, stocks, and other securities held. The form of oath declaring the return of property to be complete and correct is very strict, and the penalty for a neglect to make a return, or for a false and deficient return, is a valuation of the property by the Assessors, and the imposition of a tax twice as large as would be regularly levied. On their side, the Assessors are required to take an iron-clad oath, and in case of non-performance of their full duty, are made liable to a heavy fine and to the pains and penalties of perjury.

This iron-clad law, as it is called, has resulted in increasing the valuation of real estate from $71,114,000 to $102,437,000, and of personal property, from $31,859,000 to $46,897,000—a total gain of $63,762,000.

This addition has not been made without complainings. Many rich men refused to furnish lists of their property, and accordingly, their lists were doubled. But, in some cases, property has been driven out of the State, rather than submit to the law. A State may succeed for a time in imposing higher taxes than neighboring States, but sooner or later property is sure to leave it, when thus taxed, for other places

where taxation is lower. Of course, real estate cannot flee, and if a State chooses to assess it at a higher valuation, the owner must pay; but this is not the case with respect to a very large amount of personal property. If the assessment is raised so high as to excite the ill-will of the owner, he can, or usually does, find ways of evading the law, and thus wholly escape from paying a tax thereon.

Of course, an increased valuation does not increase the tax-payer's burden, because the rate is lower. The total amount of the tax required is just the same, and, therefore, an increased valuation of real estate adds not a whit to the general burden. No man can justly complain of increasing the valuation, so long as it is as nearly equal as practicable, and does not exceed the true value of the property assessed. The chief opposition to the law in Vermont arises from the taxation of personal property. In every State only a very small amount of personal property in proportion to the whole amount is taxed, although the laws usually require every man to make out a full list of what he owns. But it is so easy to evade the assessment of personal property that this is very largely done everywhere. The facility with which the laws are evaded has led many to advocate the abolition of taxes on nearly all kinds of personal property. Judge Tuley, of Illinois, in the case of *Preston, Kean & Co.* vs. *Ayres*, which was very recently tried by him, declared that the entire system or theory of taxation of personal property was extremely vicious and faulty, and resulted in the grossest inequality and injustice. "Of the thirty odd millions of money on deposit by citizens of Chicago with banks and bankers, I do not believe, from all that I can learn, that there is $50,000 returned for taxation, and of the entire personal property, including therein taxable choses in action, not to exceed one-tenth pays any tax of any nature or kind."

The same state of things prevails everywhere. The special Commissioners of Taxation appointed by the Governor of New York a few years ago, showed in their reports that only an exceedingly small portion of the total amount of taxable personal property in the State was assessed. Of course, great inequality arises from such an imperfect execution of the law, and it may well be questioned, whether if taxes were imposed wholly on tangible property, the injustice now perpetrated under the existing systems would not be greatly reduced.

It is a healthy sign that of late years renewed attention is given to this subject; the inequalities practiced under the present laws are becoming more glaringly apparent, and the various State Legislatures are comprehending the necessity of doing something to remedy them. Commissioners have been appointed in several States to consider the matter; in some of them new laws have been enacted of an important nature, especially with reference to the taxation of incorporated com-

panies, and in particular railroads. Within the last two years New York has taken important steps in that direction, and New Jersey is about to imitate her example.

It must be admitted that the Legislatures of most States have been very slow in framing adequate regulations for the taxation of railroads. They have a real existence, which cannot by any swearing be put out of sight. They cannot be concealed in United States bonds; they exist like other real estate, and there is no reason why they should not be taxed in the same manner. They should be taxed on their real value, but hitherto they have been greatly favored in this regard. Much of the most valuable property in the United States to-day exists in this form, and can bear the burden of taxation as well as any other. It is time, indeed, for the legislatures to deal with the subject, not harshly, nor ignorantly, but precisely in the same spirit that they deal with the taxation of other real property.

Another fact is equally apparent, namely, that the States should have similar laws for the taxation of non-resident property. In other words, the State of New York should tax the property located there belonging to persons living in Vermont, in the same way that the latter State would tax the property located there of persons living in New York. If a reciprocal system existed in all the States, one of the greatest sources of injustice would be removed.

An examination of the tax systems of the States would reveal many curious features, and here is one in respect to taxation in Vermont. Who imagines, outside of that State, that an "established church" flourishes there, for the support of which the people are indirectly taxed. Yet such is the case. In the original charter of the "New Hampshire Grants" from George III, through Benning Wentworth, the last royal Governor of New Hampshire, it was stipulated that one lot in each town should be set apart for the Society for the Propagation of the Gospel in Foreign Parts, one for the support of the first-settled minister, and one for public schools. Many years ago, all these lands were leased *in perpetuo* at what were fair rates then, but very low to-day, the rental to be in lieu of all taxes. For many years past the rental has been much less than the taxes would amount to, and hence the "lease lands," as they are called, are very desirable, and are much sought after. Near the beginning of the century the venerable society above referred to transferred its interest in the lands to the Protestant Episcopal Church, and the income from them—about $3,000—is paid to the Treasurer of the diocese. These lands, together with those sequestrated to other religious objects and the public schools, aggregate nearly 270,000 acres, the annual income from which is about $32,000.

THE PENSION FRAUD.

Although the annual appropriations made by Congress are often rushed through with but slight, and often without any, discussion, the pension bill of 1879, which is destined to swallow up a larger sum than the National debt, was enacted in a manner discreditable alike to both houses of Congress and to the President.

Previous to the passage of this bill the annual payments were less than thirty million dollars and were decreasing. In a few years more all the pension claims would have been filed, and the occupation of the claim agents would have ceased. The outlook for them was not cheerful. It is true they had reaped a rich harvest from their business, but that was no reason for discontinuing it. But how could it be prolonged? Only by getting another bill enacted providing for the payment of additional pensions. Accordingly, a bill was prepared, and introduced by Representative Rice of Ohio, and referred to the Committee on Invalid Pensions. The claim agents prepared thousands of petitions, which were sent through the country for signatures, and when signed were sent to Congressmen, by whom they were presented, causing it to appear that there was a wide-spread demand for the passage of the measure. Advertising sheets, published by firms of claim agents, with high-sounding titles, and purporting to have for their sole function the defence and promotion of the interests of the soldiers and sailors, were filled with glowing eulogies of the measure and the good it was to accomplish, with denunciations of the measures introduced for the reorganization of the Pension Office, and with bitter abuse of the Commissioner of Pensions, Mr. Bentley, as the enemy of soldiers and sailors. But the measure failed. A similar bill was introduced at the next session of Congress, and was likewise referred to the Committee on Invalid Pensions. This bill shared the fate of its predecessor in so far as the action of the committee was concerned; but the claim agents were not thus to be defeated.

Once more the bill was introduced. A member moved that the committee be discharged from considering the bill, and that the rules of the House relating to the mode of proceeding with such matters be suspended, and that the bill be passed. Two or three members tried to say something about the measure, but they were told that they had no right to speak, and so without receiving any consideration from the house whatever the bill, which involves the expenditure of such an enormous sum, passed that body.

This is a sad chapter in the history of the proceedings of the House, but it is after all only the repetition of an old

story, that important measures are often rushed through without inquiry or debate, while days and even weeks of discussion are sometimes spent over trivial matters. But the action of Congress is the less excusable in this case because there was not even the report of a committee to guide the House in its action. In respect to all the appropriation bills, though granting smaller sums, a committee examines the subject and reports thereon, and the House is governed largely by their opinion; but in this instance no one had examined into the merits of the measure, no one knew anything about it, no inquiry was made by the House, but in the blindest and most thoughtless manner possible the bill was passed.

In the Senate there was a debate, though very short. Senator Ingalls reported the bill, and the following is the most important part of the debate.

Mr. Salisbury.—I should like the chairman of the Committee on Pensions to indicate to us something as to the amount of money which will be required to pay the pensions here provided for. We ought not to vote blindly on this matter.

Mr. Ingalls.—Mr. President: In 1876, when a similar measure was pending before the Senate, I addressed a communication to the Commissioner of Pensions and asked him for information in regard to the amount which would be required to make the bill operative. I received from him a statement, which was printed as miscellaneous document No. 113, at the first session of the Forty-fourth Congress, which gives in detail, as far as it could be ascertained from the records of the Pension Office, the amount that would be required to pay the arrears both of invalids and dependents in each year since the adoption of section 4709 of the Revised Statutes. I do not know that it will be necessary to read specially annual amounts, but up to the first of January, 1876, the Commissioner reports that there were 16,454 invalid cases, to which the limitation of the section applied, and the estimated amount of arrears at that time was $9,529,775. The number of widows and dependents was 5,145. The amount required to pay the arrears of those would be $3,887,334, making a total at that time of $13,417,109. There have been three years since that date, and, of course, I can only estimate what amount would be required since this compilation was made; but, taking the estimate for 1875 as an average, my judgment would be that to this sum should be added not less than $5,000,000 for claims since allowed, to which the limitation now applies. Of course, these estimates are very largely in the nature of surmises, because we cannot tell until the bill is put practically in operation exactly what will be required.

Mr. Conkling.—Making in all—how much has the Senator estimated it?

Mr. Ingalls.—Making in all up to the first of January, 1876, the sum of $13,417,109, and that, I should judge, would be increased by not less than $5,000,000 up to the 1st of January, 1879.

Mr. Conkling.—Which makes about $19,000,000?

Mr. Ingalls.—I should judge somewhere from $18,000,000 to $20,000,000 in round numbers. Of course it is impossible to make anything like an accurate calculation upon matters of this kind.

Having passed the two houses the bill went to the Presi-

dent for his signature. It was discussed at a Cabinet meeting, and Secretary Sherman declared that the expenditure required would exceed $150,000,000. At the next Cabinet meeting, Secretary Schurz read a letter from Commissioner Bentley saying that the bill would require an immediate expenditure of $36,000,000, and that annually thereafter largely-increased requisitions would be necessary to carry out its provisions, and that since its passage the number of letters asking for blank applications for pensions had increased four-fold. Secretary Sherman said the income of the Government was then only sufficient to meet current expenses and interest on the public debt, and that the Arrears Bill would cause a very heavy drain upon the Treasury, which could not be met except by the sale of bonds or the levying of new taxes. Other members of the Cabinet said they thought the Government had already been more generous to its pensioners than any other on the face of the earth; that it had already provided for those soldiers who had been disabled by reason of service, during the time the disability continued, and that it was not called upon to do more. Notwithstanding these facts the bill was signed.

The action of the President would seem to be less excusable than that of Congress, for doubtless many of the members had voted for the bill believing that the expenditure would not exceed $20,000,000, but the President's eyes had been opened. Two members of the Cabinet, at least, had found out that the expenditure would be very large, and had communicated their information to the President. President Hayes generally exercised his power of approving appropriations wisely, and he always favored economy, but in this instance he departed from his usual course to the great detriment of the nation.

Several years have now elapsed since the enactment of the bill, and we are beginning to find out the cost of the measure. Recently the House made the following inquiry of the Commisioner of Pensions:

If all the claims for the pensions, arising from the war of the Rebellion, shall be adjudicated within the seven years' period terminating June 30, 1888, and if at the end of that period the survivors of the war with Mexico and their widows, shall be pensioned at $8 per month, what appropriations will be required annually to pay pensions during the next twenty-five years.

To this inquiry the subjoined reply was sent:

Year.	*Amount.*	*Year.*	*Amount.*	*Year.*	*Amount.*
1881..	$62,185,000	1890.	$58,457,000	1899..	$35,714,000
1882..	70,765,000	1891..	55,455,000	1900..	33,697,000
1883..	79,345,000	1892..	52,586,000	1901..	31,764,000
1884..	83,543,000	1893..	49,844,000	1902..	29,910,000
1885..	86,656,000	1894..	47,222,000	1903..	28,130,000
1886..	88,702,000	1895..	44,714,000	1904..	26,426,000
1887..	89,692,000	1896..	43,315,000	1905..	24,789,000
1888..	62,849,000	1897..	40,019,000	1906..	23,439,000
1889..	61,599,000	1898..	37,820,000		

The total is $1,347,651,593 (adding hundreds omitted above), which is classified as follows: Claims for pensions on account of Rebellion, filed prior to June 30, 1880, $1,264,-229,977; similar claims filed after June 30, 1880, $31,500,000; Mexican War pensions, to begin in 1888, $51,921,616.

Such will be the cost of this measure, which was projected by the claim agents for their especial benefit. They are thriving, even if the nation is not. They are gathering an abundant harvest. Rarely does a body of men like these fatten so easily at the public expense. The putting forth of a little energy and the expenditure of a small amount of money were needed in the beginning, and that was all. Under what a generous Government do we live! Nothing seems to daunt the inclination of Congress to squander the people's money.

THE LAST INTERNATIONAL MONETARY CONFERENCE.

[TRANSLATED FROM THE REVUE DES DEUX MONDES, AND CONTINUED FROM THE MARCH NO.]

Now let us examine the question more closely, and adopt for a moment the point of view of this Conference, that of a general agreement, and let us assume that by means of this agreement public aversion could be overcome and silver be brought back into circulation side by side with gold on the floating of a ratio of fifteen and one-half to one. Would this be a desirable result? We do not think so.

No doubt, if an agreement had been come to and the mints were everywhere opened to the unlimited coinage of silver money, at the ratio of fifteen and one-half to one, there would no longer be any particular depreciation of this metal; the holders of silver, able at any time to sell it to the mints at fixed prices, would never dream of accepting a lower figure for it. Apparently all is saved and the problem solved; but really all is lost and the problem is only differently put. Silver would circulate at the rate of fifteen and one-half to one of gold, as decreed by the law of Germinal, year XI. But what would happen? Would silver, by virtue of this general agreement, recover the fifteen per cent. it now loses? Not a bit of it; gold would simply be so much depreciated in value and would have to pay the expenses of the agreement. It would lose what the other metal would have gained. At bottom the situation would remain the same, or rather would be aggravated, for the depreciation, instead of weighing down a single metal, as now, would attain them both, and commodities would grow dearer in con

sequence. This may be easily demonstrated. The metallic circulation of the present consists of seventeen to eighteen milliard francs of gold coin and of about the same amount of silver, losing sixteen per cent.; the latter metal loses sixteen per cent., because it is not in full circulation and much of it unemployed accumulates uselessly in the treasuries of governments or of great public establishments, as we may readily see. If it were in use and necessary there would be no loss on it. What is the amount thus lying idle? Supposing it to be three milliards (and it is not far from that figure), all needs are satisfied at present without these three milliards, or with fifteen milliards of silver instead of eighteen. If in consequence of an agreement this metal should regain its former value at once, the three milliards would again enter into circulation, and what would be the result since there is no need of them? They would bring about a superabundance of the precious metals, and a depreciation would ensue. So much the better, some people say, an abundance of the precious metals causes progress. This is a question deserving consideration.

Immediately after this superabundance, debtors will doubtless find it easier to pay their debts; if they are holders of merchandise, manufacturers, or tradesmen, they will obtain in exchange for their merchandise more white or yellow coins, and they will not have to give any more to their creditors; the gain will all be on their side. Everybody, however is not a merchant or a manufacturer, and some have no merchandise to sell; there are people living on wages, employees, officers. The people living on wages (and they are the most numerous class of society) cannot be put into a position to earn more, from one day to the next. This may possibly be brought about later and gradually, but meanwhile with the same wages they will have to pay a higher price for the necessities of their existence, causing much suffering. The injury to clerks and officials will be still more certain and lasting; in a long time they will not receive any compensation for the depreciation inflicted upon the medium of exchange; without going back to ancient times, we have seen what has taken place in our own century, since the discovery of the gold mines of California and Australia. We cannot, even at this day, affirm that clerks and officials receive salaries in due proportion to the relative depreciation of the precious metals and to the increase in price of things. The Government employs the greatest number of officials, but why should it raise their salaries? It is the first to lose by the depreciation of the precious metals, and it has no means of making good its losses; it is neither merchant nor manufacturer; it will always collect the same amount of taxes and will always pay out the same amount to the bondholders, it is true, but this sum will no longer have the same

value for all that it is compelled to buy, for while the State is not generally a producer, it is notwithstanding a very large consumer, and probably not in a long time will it find in the enhanced public wealth an equivalent for the general increase of price. Under these conditions, we may readily see that it will be in no haste to raise the salaries of its officials.

The depreciation of the precious metals, or rather their lower value in relation to other commodities, results from two causes frequently confounded, but which ought to be distinguished, because they have different effects. One of them is connected with the general development of wealth. With greater riches comes greater consumption, and as there are some products, such as the alimentary commodities for example, which are not multiplied as fast as the consumption may be developed, the result is an increase of price entirely natural, and only to be approved of, for it is a proof that more wants are satisfied and competency is more widely diffused. When the increase of prices is of this character, almost every one gains by it, for it is rare that in one way or another any individual does not participate in the advance of wealth. The bondholder may alone lose by it; but if prudent, he will so invest his fortune, that though he cannot hope for any increase of his income, he will yet be enriched at the end of a certain time by the reimbursement of his capital. Most of the loans now placed, either by governments or great financial companies, are indeed accompanied by an increase of capital by means of a premium on reimbursement. I repeat that this increase of prices is in the direction of progress, and no one ought to complain of it. Is it the same with that resulting exclusively from the depreciation of the precious metals, and compelling one with equal wealth to pay three pieces of gold or silver, instead of two, for the same object? Evidently not. It is possible that in certain circumstances and to a certain extent an abundance of the precious metals leads to progress; this may have been so of old, when there was little money in circulation, and when the means of credit supplementary to it were not as yet very well known. Then a more abundant precious metal became a necessity for the development of transactions. Such a development took place after the discovery of America, and again after gold had been found in California and Australia. Would the like occur to-day? The precious metals are like railroads; we must have all that are necessary and no more. If too many railroads are constructed, it is money and labor lost, and moreover ground put to a bad use. And if the precious metals do not find new markets and new wants to be satisfied, they flow back upon those already existing, do double duty with them; and as *ipso facto* there is no greater demand, they necessarily become depreciated, so that it takes a larger amount of them to purchase the same things. This is an inconvenience.

Every one agrees on this point however. David Hume says in his *Essay on Money:* "It seems a maxim almost self-evident, that the prices of everything depend on the proportion between commodities and money, and that any considerable alteration on either, has the same effect, either of heightening or lowering the price. Increase the commodities, they become cheaper; increase the money, they rise in their value. As, on the other hand, a diminution of the former, and that of the latter, have contrary tendencies." And Jean Baptiste Say, in his *Cours d'économie Politique*, after supposing the monetary needs of France to be two milliards of francs, adds: "Any further amount, that should be paid in, would really effect no change. The nation would continue to supply the same amount of commodities for the money and would not demand the purchase of any more. Consequently, if four milliards of francs were thrown into the monetary circulation of the country, in place of the two that our hypothesis supposes it to possess at present, the four milliards would only purchase the same quantity of goods. The only difference would be that we should have to give two francs, where we now give one, and a one-franc piece would only be worth fifty centimes."

If therefore an abundance of the precious metals leads to progress, and we are inclined to admit this, it is only on the condition that the circumstances are favorable and that it is slowly brought about, in proportion as new needs become manifest. Now what would happen, if all nations should agree to-morrow to open the mints all over Europe to the free coinage of silver? The depreciation that would result for both metals might be greater than that ordinarily accompanying the emission of paper money. After all, when a nation is obliged by the necessity of affairs or the badness of the times to issue a paper currency, if it does so prudently, to satisfy only its most urgent needs, the depreciation is slight, and only an abuse of such emission makes it great. In the case now in hand the three milliard francs of silver, now lying useless, would at once enter into circulation, not to mention the amount produced every year by the mines, and this superabundance would be manifested, as always happens, in the richest countries, those already sufficiently provided with the precious metals. It is accordingly very probable that quite a sensible depreciation would be the immediate result.

This hypothesis, however, I may say again, supposes that gold and silver can circulate together, one by the side of the other, and that the gold would not be driven out to make room for its rival, a supposition that is completely inadmissible. Why is gold now the money of the great European States? Because silver no longer comes into competition with it. England and Germany have demonetized

it and only retain it for fractional currency. In the Latin union, France, Switzerland, Italy, Belgium, it is no longer coined and only exists in a limited quantity. In other countries where the double standard is still in use, as Russia and Austria, gold is preferably employed in order to render possible relations with the nations that have solely the latter metal America herself, despite her obvious sympathies for silver, cannot put it into circulation. Change all this, if you can; make England and Germany give legal currency to silver as well as gold, and let the Latin union open its mints to silver, it will not be very long before the gold coins have disappeared from circulation and are only to be obtained of the money-changers at a premium. To whose detriment would this substitution of one metal for another be effected? To the detriment of France in particular, who is most amply provided with gold and best able to furnish it to those in need of it. Advantage would be taken of the general agreement to deprive us of it, and *the trick would be played*, as Ledru-Rollin said of revolutions, by a long and silent course of preparation. It was with this end in view that we were so cordially pressed to join the Conference; that our capital was chosen as the seat of renewed deliberations upon the question and our Minister of Finances was called upon to preside over the meetings were not perhaps entirely disinterested proceedings.

It seems as if in this Conference, participated in by some distinguished men thoroughly conversant with their subject, a total disregard of facts was delighted in, as if there was no desire for enlightenment. Thus to show the stability of the relative value that could exist between the two precious metals, the famous ratio of fifteen and one-half to one was advanced, as best expressing it, and it was left to be supposed, it was even asserted, that there had been no infraction of this rule from the beginning of the century up to the most recent years; yet every one knows that this ratio of fifteen and one-half has never had any real existence. The actual value of silver has always been below or above. When it was below, silver alone was in circulation, and when it was above, rarely the case previous to 1848, gold took its place. We are still more astonished to hear this stability boasted of, when it is known that before arriving at the ratio of fifteen and a half, there were periods when it was only one to ten, eleven and twelve. Why has gold unceasingly increased in relative value? It may be answered, in consequence of the immense production of silver following the discovery of America. Let us admit this and even assume the cause to have lasted until the beginning of this century; since then, however, silver mines have become less prolific, and gold mines have become more prolific. The ratio ought to have changed more to the profit of silver; on

the contrary it has grown more and more favorable to gold; in 1848 the twenty-franc piece, not in circulation, brought a premium of one per cent.

A much more striking circumstance and one that should have caused serious reflection to the partisans of the double standard, if they had been free from prejudice, is the change that has taken place in the production of the two metals since 1848; for twenty years that of gold was three or four times the value of the production of silver, and during ten years it exceeds by half the production of the rival metal. In accordance with the law fixing the ratio of value by the greater or less abundance of the supply, gold should have lost what it had gained in the preceding centuries, and there might have been some fear of a return to the ratio of one to ten or twelve; some persons even predicted it, and with this prevision certain States were a little too hasty in repudiating gold. Just the contrary occurred; the more abundant, gold became still dearer, and the ratio, which in 1848 was at about fifteen and one-half, has now become seventeen or more. Is this not a lesson that can dispense with all comment? The yellow metal has been the more abundant, it is true; but as it has also been the more employed and sought after, it has definitively taken precedence of silver, and it is no longer possible to substitute the latter metal for it. Moreover, the ratio of quantity in the production of the two metals has never had any significance or hardly any in the determination of their relative value. As long ago as 1830, Mr. Ingham, Secretary of the Treasury of the United States, said: "The extraordinary circumstances in the history of the precious metals lead us to the conclusion that there is no use in trying to account for the relative value of gold and silver by comparing the quantities produced of one and the other." A document incorporated with the proceedings of the Conference informs us, that in 1848 there were 5,806,000 kilogrammes of gold and 139 million kilogrammes of silver; the ratio of weight between the two was one to twenty-three and of value about fifteen and one-half. Now the gold amounts to eleven million kilogrammes and the silver to 179; the ratio of weight is only sixteen, and the ratio of value has gone up to seventeen or more in favor of gold. Thus we see the latter metal continually increasing in value, though it has more than doubled in the space of thirty years, and the proportion of its weight has passed from twenty-three to sixteen. What more conclusive proof than these figures can be imagined of the inevitable predominance of the yellow metal? It may be regretted, but we must reconcile ourselves to it, and supposing bimetallism to be endowed with all the virtues attributed to it, it is like Roland's mare that had all the virtues, but was

dead. Bimetallism is dead in civilized and wealthy countries, and instead of persisting in the attempt to resuscitate it, it would be better to seek in the situation as it is what may best serve the general interests.

Before venturing on this, it will perhaps not be out of place to reply once more to a last objection that is always made and that is of a nature to take superficial minds by surprise. If silver is demonetized, it is said, there will no longer be gold enough, and we are informed the production of the latter metal is diminishing from year to year. It is supposed that it may return to what it was before 1848, to 200 millions at most a year. Then what would become of the metallic circulation, if silver should be proscribed? The production of the yellow metal will scarcely suffice to repair the losses, wear and tear, and what is employed for industrial purposes. The medium of exchange will grow dearer to an unprecedented extent, debtors will no longer be able to pay their debts, and the progress of nations will be checked. To give some solid substance to this sinister prediction, M. de Laveleye, who has been especially instrumental in making it known, analyzes some studies made recently by a German geologist, Mr. Suess. After establishing the fact that the alluvial lands bordering upon rivers have yielded most gold for many years—about fifteen milliards out of seventeen—this scientist declares that these lands are now exhausted and there is nothing left but to seek for gold in the granitic, volcanic, or other veins mixed with quartz; it will cost much more to extract it, and it will also be found in smaller quantities. He does not however venture to assert that it will no more be found under the same conditions as before; but unfavorable chances would seem to be more likely than favorable ones, and thereupon he sets up a very scientific theory to prove that gold, being a metal of greater density than silver, was, on the cooling of our planet, carried down deep into the bosom of the earth by its own weight, and that it will be far more difficult to find it there. We do not know what foundation there is for this theory of the learned German geologist, and we are by no means competent to criticise it. We hold only to what is supported by ascertained facts.

The civilized world, the world that uses gold and that stands particularly in need of this metal, possesses at present some seventeen or eighteen milliard francs of it; this is the figure at which it is generally put; the annual production furnishes besides quite constantly some 500 millions a year. With this stock in hand and this annual production in perspective, it seems to us there ought to be enough to amply satisfy all demands, and the dangers with which we are threatened are still remote. We remember that some years ago a man also of great authority, Mr. Gladstone, made just

such another sinister prediction with regard to coal. Seeing the excessive consumption of this combustible, he declared the earth did not contain enough for more than four hundred years longer. This was still quite a long period of time, and there was no occasion yet for many generations to feel any uneasiness concerning this prediction, but as the world is destined, we must hope so at least, to endure for more than four hundred years longer, there might be some fear of coal growing dearer and dearer. Since Mr. Gladstone's declaration, more coal than ever has been mined and burned, and the price of it has not gone up; this proves there was little belief in its exhaustion; let us hope it will be the same with Mr. Suess's declaration concerning gold.

Is it not rash to affirm now that the production of this metal is going to dry up, when perhaps the half of our globe has not yet been sufficiently explored? The same prediction might just as well have been made before 1848. What indeed were California and Australia in extent compared with those portions of the earth that are still unknown? And yet fifteen milliard francs of gold have been taken from these two relatively small countries. Who can know what will be brought to light in the new lands of the South Sea, and in the interior of Africa, which is hardly opening to our researches? It is very probable that the mines will for a long time yet furnish gold enough for our needs. We said just now that no one was troubled by Mr. Gladstone's prediction, because there was no belief in it, and it was thought that, should it come to pass, some other more economical and possibly more efficacious agent than coal would have previously been found. We recognize the fact that the same reasoning cannot be applied to gold. This metal has indeed its substitutes; bank notes, checks, clearances, have no other purpose than to take its place. But, differing from coal, which may some day be entirely wanting and be replaced by another quite as efficient an agent, gold cannot completely drop out of the circulation. It is an indispensable medium of exchange, and must ever remain the base of our transactions.

If it cannot be replaced, it may at least be singularly economized. It is admitted by all the competent men, who have considered the question, and the last Minister of Finances himself declared recently, before Parliament, that France to-day has at least five milliard francs of gold without counting two and one-half milliards of silver. This is evidently a stock much exceeding our needs. The United States and England do more business than we with three or three and one-half milliard francs of precious metals. This is due to the fact that both of these countries have establishments, called Clearing Houses, where every year operations, amounting to over 150 mil-

liard francs are liquidated without, so to speak, calling for the intervention of money. The need of the precious metals there is not at all in exact proportion to the development of business; business may increase 50 or 100 per cent. for example, and it will suffice to increase the metallic circulation by five or ten per cent. at most. The average amount of specie per head in the United States, including silver, is less than eighty francs; the figure is about the same for England. Uniting the two metals in France, it almost amounts to 200 francs a head, and it is 140 francs with gold alone. In Norway Mr. Broch says only thirty-seven francs would be enough for each individual. We have in France, therefore, more specie than we need, and it ought to be regarded as progress, if the means of credit could be so improved as to allow us to get rid of a portion of this specie without any trouble. With three milliard francs of gold as principal currency and one and one-half milliard francs of silver as secondary currency, we ought to be abundantly supplied. It is a very costly luxury to thus keep three or four milliards of precious metals that we do not absolutely require. It would be a gain to sell and replace them by some more useful merchandise. Such a sale would also help to effect a solution of the monetary problem, supposing there should be any fear of a lack of gold. The slackening production of this metal, now characterized as a danger, would then become more of a benefit, the calls for it being less now than after the discovery of gold in California and Australia, the supply would be more nearly balanced by the demand, and prices would suffer less variation. In fine, if the depreciation of the precious metals leads to progress, it is by a route sown with troubles and sacrifices. The same progress is not incompatible with fixity of prices, and so at least gives rise to no suffering, is effected to the satisfaction of all the world, without any trouble or shock. VICTOR BONNET.

GOLD FIELDS OF GEORGIA.

The uplands of the State of Georgia embrace three and a half million acres of gold-bearing grounds, and this area carries underneath it mineral wealth consisting of fully one hundred and sixty-five different minerals, and, notwithstanding her rapid strides in the development of agricultural industries, even King Cotton is fast taking a subordinate position to that of the mining industry. Northern Georgia has the oldest gold-mining camp in the United States —the Dahlonega mining district, Lumpkin County—the Cherokee Indians having sold gold to the whites of Virginia over 200 years ago.—*The Indicator.*

REDEEMABLE BANK NOTES.

The theory in respect to bank notes which has been generally taught, and which has generally prevailed in this country, as it did in Great Britain until the passage of the Bank Act of 1844, has been, that the only safeguards required were those which secured, or were supposed to secure, the constant convertibility of the notes into specie. By most persons, both the liability of such a currency to fluctuations in its volume, and the mischiefs arising from such fluctuations, have been overlooked. Others, by whom the liability to fluctuations has not been overlooked, have persuaded themselves, that if the continuous redemption of bank notes is efficiently secured, the possible variations in their amount will be beneficial, rather than harmful, because controlled by the varying wants of trade. Hence, no restraints upon the aggregate quantity of bank notes (expect one in respect to the National banks which was very soon removed), and no fixed relation of such notes to a specie basis, have ever been enforced by law in this country, as they had not been in Great Britain before 1844. More or less specie has always been kept on hand by the banks in this country, but the amount has been determined by their own prudence, and upon their own view as to what was required, from time to time, to meet the obligation to redeem their notes on demand, and in general they have relied in respect to that, not upon specie actually on hand, but mainly upon keeping their assets in readily available forms. To-day, it is the current idea of the bankers of the United States that the true basis of bank notes,—ensuring their convertibility and sufficiently regulating their quantity—is the volume of commercial paper originating in actual business transactions, and discounted by the banks.

But what I propose now to consider is the more plausible, and therefore more dangerous, theory, that serious fluctuations in the quantity of bank notes may be guarded against by limiting them to a fixed proportion to a specie basis.

During the years 1835 and 1836 there had been witnessed in the United States an inflation of redeemable bank notes and of prices, accompanied with a wildness of speculation, never witnessed before or since in this country, and, perhaps, never in any country. This inflation came to an end in a general suspension of specie payments on the 10th of May, 1837.

In this condition of things, Daniel Webster, in a speech in the United States Senate, December 21, 1836, made the following observations:

I admit that a currency partly composed of bank notes has always a liability, and often a tendency to excess.

I am of opinion, even, that the convertibility of bank notes into gold and silver, although it be a necessary guard, is not an absolute security against an occasional excess of paper issues.

I believe, even, that the confining of discount to such notes and bills as represent real transactions of purchase and sale, or to real business paper, as it is called, though generally a sufficient check, is not always so; because I believe there is sometimes such a thing as over-trading or over-production.

What then, it will be asked, is a sufficient check? I can only repeat what I have before said, that it is a subject which requires the constant care, watchfulness and superintendence of Government.

Later on we find him in the United States Senate, March 12, 1838, making the following observations:

I hold it to be of the utmost importance to prove, if it can be proved, to the satisfaction of the country, that a convertible paper currency may be guarded against probable dangers . . . There is a liability to excessive issues of paper even while paper is convertible at will; of this there can be no doubt. This renders it necessary that they should be regulated and controlled. The question is, By what rule? To this I answer, By subjecting all banks to the rule which the most discreet of them always follow—by compelling them to maintain a certain fixed proportion between specie and circulation, without regarding deposits on one hand, or notes payable on the other.

It abundantly appears from the whole context of this speech of March 12, 1838, that the danger against which Mr. Webster was looking for a safeguard was not the insolvency of banks as respects the redemption of their notes, but irregularity in the volume of currency furnished by them, and especially excessive issues. He decisively rejected, both the delusive teaching of Adam Smith, that actually redeemable bank notes cannot make the currency redundant, or even increase it at all, and the more modern theory, that the wants of trade, as indicated by the offers for discount of "*real business paper*," are a reliable regulator of bank-note issues. In March, 1838, he supposed that he had discovered what he had evidently not discovered in December, 1836, that the true and efficient regulator was a "*certain fixed proportion between specie and circulation*."

In order that this "*certain fixed proportion*" should be at all times maintained, it is, of course, necessary that the circulation should be reduced in the same proportion that a bank loses its specie. If half of the metallic basis is drained away, half of the paper must in some way be withdrawn, so that if the "*fixed proportion*" is three or five of paper to one of coin, three or five paper dollars must be taken in, and for the time being destroyed, whenever one coin dollar is taken out of the bank vaults. Mr. Webster admitted the possibility of the occurrence of drains of specie due to temporary causes, when a contraction of the circulation might not be

really necessary. But he insisted that it could never be certainly known what the causes of a drain actually were, and that the only prudent course was to be governed by the fact of a drain, and to meet it in all cases by a contraction of the circulation. On that point he said:

Circulating paper is thus kept always nearer to the character and to the circumstances of that of which it is designed to be the representative, the metallic money . . . The true criterion by which to decide the question of excess in a convertible paper currency, is the amount of that paper compared with the gold and silver in the banks.

Mr. Webster does not state what the "*certain fixed proportion between specie and circulation*" ought in his judgment to be, nor what "*certain fixed proportion*" of that kind was in fact maintained by those banks which he describes as "*the most discreet.*" No such "*certain fixed proportion*" was ever maintained, or professed to be maintained, by the Bank of England or by any bank in the United Kingdom of Great Britain and Ireland before the Bank Act of 1844, and, of course, not since, as that law prescribed a radically different rule. All that the Bank of England ever professed to do before the Bank Act of 1844 was passed, was to maintain an equality between its specie and certain assets described as "*securities*" on one side, and the aggregate of its circulation and deposits on the other side. Even that plan, admitting as it did of an increase of circulation while the specie was declining, was never adhered to in practice. No such "*certain fixed proportion*" as Mr. Webster describes had ever been effectively imposed upon any banks in this country when he made his speech of March 12, 1838, nor has it been imposed since. It may be true that certain banks, in 1838 and prior thereto, may have represented themselves as observing a "*certain fixed proportion*" between their specie and circulation, and may have really supposed that they could fairly describe themselves as observing such a proportion, but it is plain that without the aid of law their specie could not have been set apart exclusively for the redemption of their circulation and be exempt from its liability for their deposits and other debts.

The practice in this country, prior to 1838, had been to limit the amount of bank notes, when they were limited at all, not to any proportion of the specie held in reserve, but in some proportion to their capital. They were generally permitted to issue an amount equal to their capital, but oftentimes more. In the law drawn by Alexander Hamilton, creating the first National bank, with $10,000,000 of capital, in 1791, Congress imposed no other restriction upon its note issues, except such as is involved in the following:

The totality of the debts of the company, whether by bond, bill, note or other contract (credits for deposits excepted) shall never exceed the amount of its capital stock.

The same thing appears in the law of 1816, creating the second National bank, with a capital of $35,000,000, with no change, except in phraseology, as follows:

The total amount of debts which the said corporation shall at any time owe, whether by bond, bill, note, or other contract, over and above the debt or debts due for money deposited in the bank, shall not exceed the sum of thirty-five millions of dollars.

The Michigan banking law (1836) permitted an issue of notes to three times the amount of capital stock.

In New York, where, if anywhere, the influence of bankers, described by Mr. Webster as "*discreet*," might be expected to be exerted, the restriction upon issues, prior to 1837, was that they should not exceed twice the capital stock of banks. In 1837, the rule was changed, so as to allow only to banks with less than $200,000 of capital an issue greater than their capital. In 1838, the year when Mr. Webster made his speech, it was changed again, so as to limit issues to the amount of public stocks and real estate mortgages (not more than one-half to be mortgages), placed in the custody of a State official for their redemption. In all these laws, while specie redemption was enjoined as a duty, and with considerable penalties for its non-performance, no reserve of specie was required.

It does not appear that Mr. Webster's rule, proposed in 1838, has grown in favor since with the persons and influences which have controlled legislation upon the subject of banking, either in this country or in the important English-speaking country north of us. It is true, that as respects our National banks, there is a redemption fund, substantially of coin, bearing a fixed proportion to their circulation, but it is so minutely small, five per cent. of the circulation, or only one dollar of coin to twenty of paper, that, whatever other useful purposes such a redemption fund may answer, it cannot so connect the paper and coin as to give to the paper any of that degree of steadiness in quantity which coin possesses. [See note.]

In Canada, as its currency system was described by the Manager of the Merchants' Bank of Montreal, at the August (1881) session of the American Bankers' Association, the banks have "*a free circulation limited only by the amount of their paid-up capital*," it being claimed that this "*system of free issues is maintained at a healthy level by daily redemption under which over-issues are impossible.*"

NOTE.—The Act of June 3, 1864, which originated the National bank system, required no proportion of reserve (coin and United States legal-tender notes) to circulation, but only a proportion of reserve to the aggregate of deposits and circulation. The proportion so required was twenty-five per cent. in the more important cities which were named in the Act and were seventeen in number, and only fifteen per cent. in all other places, and the fifteen per cent. was really reduced to six per cent., by permitting three-fifths of it to be transformed from cash into an interest-bearing loan on call to any of the banks in the seventeen cities.

The present system of a five-per-cent. cash fund held in Washington for the redemption of the circulation, was established by an Act passed in 1874, since which time the reserves held by the banks themselves are against their deposits only.

But, although both the earlier and later tendency of opinion among persons engaged in banking in America has been in the direction of requiring little or no connection between redeemable bank notes and coin held in reserve for them, and of preferring to base their redemption upon a sufficiency of commercial paper maturing within short time, it is nevertheless true, that there are many persons who now believe, as Mr. Webster believed in 1838, that a certain proportion of coin to paper is essential to give steadiness to the volume of paper and check its tendency to excess, and that it would be effectual and sufficient to accomplish those objects.

The actual method by which the issue of the legal-tender notes of the Government of the United States is now regulated, is that of a proportion between the notes and the coin held in reserve for them, and until the proportion as at present established shall be changed, it will be two dollars of coin for five dollars of paper.

There can be no doubt that the plan which Mr. Webster advocated in 1838, of maintaining "*a certain fixed proportion between specie and circulation,*" and especially if the proportion of specie was tolerably large, as for example, one dollar of specie to three of paper, would be satisfactory to a large majority of the people of this country, in the present state of American public opinion upon such subjects. Nevertheless, the objections to the plan, whatever the proportion of coin to paper may be, are plain, insurmountable and decisive.

When the money of a country is kept at the standard of the metals, expansions and contractions of its volume, as the result of alternating balances of the foreign trade and of alternating outflows and inflows of coin and bullion, cannot be avoided, but this plan increases both the contractions and expansions, and thus aggravates and intensifies their mischievous consequences. Losses or gains of specie by banks are ordinarily caused by the state of the foreign exchanges, and, when caused in that way, they produce an increased contraction or expansion of the currency in whatever proportion bank notes exceed the coin held as a reserve against them. Losses of specie are sometimes, although in comparatively few instances, caused by a want of confidence in the banks, varying from mild forms of distrust to absolute panics, but when caused in that way, they do not produce so great a contraction of the currency, because the specie drawn from the banks still remains in the country. If the "*certain fixed proportion*" of coin to circulation is one to four, a drain of one million of dollars to be sent abroad produces a currency contraction of four millions, whereas a domestic drain of one million, while it contracts the paper part of the currency four millions, adds one million to the coin outside of the banks, so that the contraction of the whole currency, specie and paper together, will be only three millions. In the *Report on the Currency*

(1820) of Wm. H. Crawford, then Secretary of the United States Treasury, it is observed:

When there is but little or no demand for specie, the temptation to increase their discount by the issue of more paper is too strong to be resisted by banks. When a demand for specie arises, the currency has to be suddenly diminished.

* * * * * * * * *

If this diminution could be limited to the amounts drawn from the banks, the evil would be no greater than if the currency were metallic. But this is not the fact. When the paper circulation is returned upon the banks for specie, prudence requires that an effort should be made to preserve the same proportion between the specie in their vaults and their notes in circulation, as existed at the moment the pressure commenced. If the paper in circulation should be three times the amount of specie in the possession of the banks, a demand upon them for $1,000,000 of specie would produce a diminution of $3,000,000 in the currency, if the specie should be exported, and of $2,000,000 if it remained in the country. It is even probable that the comparative diminution would exceed this ratio.

It is a fatal weakness, which no medicament can cure, of a currency consisting in whole, or in part, of bank notes resting on "*a certain fixed proportion of specie*" held in reserve, that some portion, and almost always a considerable portion, of such a currency is liable to destruction at the will of the holders of bank notes, whether that will is controlled by mere caprice, by panic, or by a need of specie for exportation.

If the currency is metallic, or if the paper which supplements it is fixed in amount and is made indestructible by being made inconvertible, the drain upon the money of a country arising from an adverse balance of trade is only equal in amount to the addition which is at the same time, and as a consequence of the same fact, being made to the aggregate currency of other countries on the metallic basis. All that is lost to the country exporting specie reappears immediately as an augmentation of the volume of money elsewhere. There is no destruction of money, and even that portion of it which is sent abroad serves in some measure to sustain prices at home, inasmuch as there is a certain relation of prices, although not a level, between all commercially connected markets.

The people of this country have been so long accustomed to the fact of the redemption of paper money, and have been so constantly taught by blind instructors in finance that the redeemability of paper money is in itself a desirable and even an essential thing, that they will be slow to see that money is a finality and never ought to be redeemed in anything, and that to redeem it is to destroy it, and none the less an absolute destruction of it for the time being, because it may be again re-created. And yet

nothing is really more plain than that, inasmuch as the value of money, under any given degree of demand for it, depends absolutely upon its volume, the steadiness of its volume relatively to the demand for it is the primary requisite of a sound money, and that while its absolute steadiness is an unattainable degree of perfection, it is the wantonness of folly to permit the existence of redeemable bank notes, which necessarily aggravate and intensify the unavoidable fluctuation of a currency on the metallic standard.

The only money capable of perfection, would be one manufactured out of a material costing substantially nothing like paper, redeemable in nothing else inasmuch as the redemption of money is its destruction, non-exportable, deriving its existence from the will of governments, and authenticated by an official stamp.

It is theoretically possible that the intelligence and honesty of legislators might, in the first instance, fix the volume of such a money with a due regard to existing prices, and to the equities of existing contracts to pay money, and regulate subsequent changes in its volume by a rule duly observing all the circumstances which ought to be taken into consideration.

But what we have to deal with is not theoretical possibilities, but the practical question of how best to manage a money on the metallic standard, which is the one now actually in existence in our own and in most other commercial countries, which conforms to the present and long established habits and opinions of mankind, and which is not likely to be given up for a considerable period of time to come.

So long as it shall remain the decision of mankind to use a money kept at the metallic standard. my contention is, that it should consist of the metals (circulating either in the metallic form, or in the representative form of paper vouchers for metal actually held in deposit), and that all the paper by which the volume of metallic money may be supplemented and enlarged, should be inconvertible into anything else, either coin, land, or bonds, to the end that its quantity may not undergo changes from portions of it being destroyed by redemption.

In respect to the metals, it is indifferent, so far as the nature of the money is concerned, and only a question of convenience, whether they are used in the corporeal form, or by paper titles to them in the nature of warehouse receipts, such as the certificates of gold and silver deposited and kept untouched in the Treasury of the United States, or such as the notes of banks actually representing an equal amount of specie, of which there have been in other countries several historical examples. Paper of those descriptions, carrying with it the ownership of specie actually in existence, and

being a valid and effective order for its delivery, is in both form and substance a metallic circulation. In respect to the supplementing inconvertible paper, it can, of course, be kept at the metallic standard only by a limitation of the quantity. The value of it, like that of any species of money, and like the value of everything else, will be fixed by the play of the forces of demand and supply. The demand arises from the monetary function conferred upon it by law, and its value in any country will equal that of the metals, if the supply is kept always within the limit of the lowest amount to which the metallic money of such country, if its currency was exclusively metallic, could by any reasonable possibility be reduced.

The British monetary system is, in substance and fact, upon the basis just described, and has been so since 1845, when the Scotch and Irish banks were subjected by law to the same general rule which was enforced upon the Bank of England and all other English banks by the Bank Act of 1844. The British currency consists to-day, in part of the metals and of paper actually representing the metals, and in part of a fixed amount of paper really inconvertible, but kept at the metallic standard by the limitation of its quantity. I shall hereafter endeavor to show that it is only upon this basis that the metals can be safely supplemented by paper, and I refer to it now, mainly for the purpose of illustrating by contrast, the true nature of, and the fatal objections to the plan of redeemable bank notes on the basis of "*a certain fixed proportion between specie and circulation.*"

If, in a country having a currency kept at the metallic standard, the paper part is fixed in quantity, and inconvertible, the total volume of its money is affected by outflows and inflows of specie only to the precise extent of such outflows and inflows, and the total volume of the money of the world is not affected at all. But if the paper part of the currency is maintained always at a "*certain fixed proportion*" to a specie basis, there will be, in the case of an export of the metals, in addition to the loss of the money sent abroad, for which there is a certain compensating advantage in the raising of prices abroad, the further wholly uncompensated loss of a part of the paper money, which is destroyed by being redeemed. A foreign drain of specie results from an excess of the prices of a country relatively to the prices of other countries, and will continue until the equilibrium of prices is restored. Such a restoration is not felt injuriously, so far as it is brought about by an increase of foreign prices. The severity of the depression which accompanies it is increased precisely in the proportion in which it is brought about by the fall of prices at home, as it must mainly be under a money system which compels the destruction of from three to ten paper dollars when only one metallic dollar is exported.

The greater or less magnitude of the injurious effects of redeemable bank notes bearing "*a certain fixed proportion*" to a specie basis, will be determined:

First, by the proportion of the notes to their metallic basis, the range of their fluctuations being greatest when the metallic basis is least.

Second, by the proportion which such bank notes bear to the total volume of the currency. If they constitute the whole currency, a diminution of them by one-half, or a duplication of them, will diminish the whole currency by one-half, or duplicate it; whereas, if they constitute only one-half or one-fourth of the whole currency, the effect of their fluctuations upon the entire mass of money will be correspondingly reduced. OBSERVER.

EARLY COINAGE OF THE UNITED STATES.

[CONTINUED FROM MARCH NUMBER.]

At the close of the century there had been coined and issued from the mint $696,530 in gold, $1,216,158.75 in silver, and in copper $50,111.42, or a total of less than two million dollars. The expense of maintaining the establishment had been $213,336, though the treasury had been reimbursed by the payment of cents and half-cents to the amount of $48,041.42. The expense seemed so disproportionate to the advantages derived from the mint, that a committee of Congress recommended the closing of it, while many others shared in this opinion.

In their report the committee declared that to furnish coin sufficient for a circulating medium throughout the United States would be impracticable, unless the powers of the mint were greatly increased and the practice of melting down the coin and exporting it to foreign countries were prevented. This could be done in no way except by debasing the coin—a measure which could not be recommended. Even that might prove unavailing. Temporary causes, it was maintained, had hitherto furnished a great proportion of the bullion which had been coined, and the only way to furnish a regular and certain supply was to prohibit the circulation of foreign coins, thus converting them into bullion, which was the idea of those who were in favor of establishing the mint. Beside the inconvenience attending the measure, the committee believed it would not be effectual unless the transportation of bullion to the mint and the replacement of its value in coin were done at the risk and expense of the United States, for the difference in value between bullion and coin was so small that no individual would be inclined to incur the risk and expense. Even cents and half-cents, it was believed, the mint could no longer furnish in sufficient

quantity on the plan then existing. Such was the history, condition and prospects of the mint at the close of a seven-years' experiment.

The expediency of closing the mint continued to grow in the public mind. Public opinion became divided on the question of importing cents coined abroad by contract, and of having them made here in a similar manner. Boudinot, the director of the mint, feared that "an importation of cents complete would hazard the running of a flood of cents, lighter than allowed by law, into the United States, and the difficulty of preventing the evil would be very great." He declared it would be a greater security to Government to have the coinage of copper executed here by contract, which might be done without expense to the Union, provided the Government would take the cents.

Individuals soon appeared who were ready to contract for coining them. Robert Scot made an offer to Gallatin for "the exclusive privilege of coining cents of the United States as well from abroad as from within the realm," under such instructions as Congress might prescribe. He proposed to coin, "free of all expense to the Government, excepting that of receiving them when coined and paying the nominal amount." A proposition somewhat similar had been received by Jefferson ten years before from a person residing abroad, to coin them in Europe and then transport them to this country.

The law establishing the mint provided that it should be at the seat of Government; consequently, when that was removed to Washington, the removal of the mint became necessary. The removal was delayed by law until 1801. For many years the question remained unsettled, but finally in 1828 it was wisely resolved to keep the mint at Philadelphia.

As the institution grew older its efficiency increased. The workmen acquired greater skill, they acquitted themselves with strict integrity, and for many years not a dollar was lost except in a single instance. The culprit was detected by the officers of the mint, and he was prosecuted and punished. In 1805 about $11,000 of the gold coined came from the county of Cabarras, North Carolina, an event which at that day excited considerable interest.

There was no difficulty in getting a sufficient quantity of the precious metals for coinage. They were furnished chiefly by the banks, especially by the Bank of the United States. The Government coined none on its own account until 18 :

The expense of the mint from its establishment to the close of 1809, was $387,414,024. There had been a profit, however, on the copper coinage of $37,331.52, thus reducing the net expense of running the mint to $350,082.77. The total value of the coinage to that period was $8,346,146.21

Before the mint began operations all the coins in circulation were foreign. Several years must elapse before the mint could fill the channels of circulation with enough American coin to discard without inconvenience and loss the use of foreign coin. Hence Congress enacted that after the first day of July, 1793, foreign gold and silver coins should pass current and be a legal tender for the payment of all debts at certain specified rates. They could, however, be a legal tender for three years only from the time the mint began operations, except Spanish milled dollars and parts thereof. As these were of the same value as the dollar forming the monetary unit, there seemed to be no objection to continuing the use of them for the legal discharge of debts. When the three years' limitation began to run the event was announced by a proclamation of the President; and all foreign coins received by the Government were coined anew.

The 15th day of October, 1797, foreign silver coins, with the single exception previously noted, ceased to be a legal tender. The President issued another proclamation on the 22d of July, the same year, announcing when the limitation would expire for the circulation of such coins. The president and directors of the Bank of the United States having indicated their consent to receive French crowns and other foreign silver coins as a legal tender at the current rates, the Treasury Department permitted foreign coins to be received in payment of the public revenues in the same way that they had previously been. To obviate inconveniences which might attend the negotiation of Treasury drafts, the supervisors and collectors were requested to specify in their weekly returns to the Treasury Department the amount of foreign silver coins in their possession that were not a legal tender for the discharge of debts. They were also requested to inform the Department whether these coins were current by common consent, in order to have such measures adopted for the collection of the revenue as might be necessary.

When the three years limitation had expired not much silver coin of the United States was found in circulation far from the mint, and still less in the interior parts of the country. Embarrassments occurred and losses were sustained, for a very considerable quantity of foreign silver coins, besides Spanish milled dollars, were then in circulation. The time for the circulation of foreign gold coins did not expire until the end of July, the following year.

The limitation was extended from the first of January, 1798, to the 3d of May, 1802. But legislation on this subject was singularly defective. The legal effect of this last act was that for three years after 1802 no foreign coins whatever were a legal tender, and from the 3d of May, 1805, Spanish milled dollars and parts thereof only could be thus employed.

Such large quantities of Spanish milled dollars were exported, and so many of the foreign coins that remained, and those issued by the United States, were kept by the banks, that Congress determined once more to sanction the use of foreign coins. Another statute was passed fixing the rates at which foreign gold and silver coins should "pass current as money within the United States." In order to know the real standard value of foreign coins they were to be assayed yearly, and from the information thus obtained Congress could intelligently act in altering the rates whenever necessary. This law was to continue in force for the customary period of three years, or until April 10th, 1809.

The year after the law expired an attempt was made to extend the limitation. Josiah Quincy observed in a report to Congress, that the denial to foreign coins of circulation and of employment as a legal tender, had the combined effect of circumscribing the just sphere of mercantile action, and of encouraging the exportation of that species to which these privileges were denied. In the present circumstances of the United States it seemed peculiarly unadvisable to permit any statute of prohibitions to continue which had a tendency to produce such an effect. The statute currency of the United States, which then consisted only of the coinage of the mint and of Spanish milled dollars and parts of the same, was probably insufficient for the ordinary necessities of domestic exchange, and was certainly wholly inadequate to support any peculiar embarrassment of the circulating medium, which, in the event of the dissolution of the Bank of the United States, could not but be anticipated.

In employing foreign coins once more an interesting question was raised in regard to the use of Spanish gold coins. When used previously, they were estimated at four per cent. above their intrinsic value; in other words, "The quantity of pure gold contained in twenty-seven grains and two-fifths of a grain of Spanish standard coin, instead of being equal in value to one hundred cents, the statute rate was only equal in value to about ninety-six cents." Should the old statute rate be established, or a new one based upon its intrinsic value? And, further, if a new rate should be established conformable to its intrinsic value, whether the loss of four per cent. falling on the present holders without any fault of theirs, but solely by reason of the erroneous estimate made by the Government, should be assumed by it or be borne by them?

Quincy favored the establishing of a new rate of valuation, and so did Gallatin, who declared that if the former act were revived without any alteration, every person receiving those coins in payment would in fact, be compelled to receive only ninety-six instead of one hundred cents on every dollar paid to him. The unavoidable effect of putting in cir-

culation any one species of coin at a rate higher than its known intrinsic value was to invite its importation and increased circulation, and to drive out the other species. Every bank, if required to pay its notes in specie, would, in that case, pay with that species of coin, and the whole paper circulating medium must, after a time, depreciate in the same proportion. The only guard against the abuse, and consequent depreciation of bank paper, was a strict adherence to the principle that payment might at any time be demanded in specie rated at its intrinsic value.

The second question was "of a more doubtful nature." Gallatin affirmed that if it should be thought just for the community to bear the loss instead of individuals, it would certainly be preferable to pay at once the difference rather than knowingly to make the coins a legal tender at a higher rate than they were worth. If the Government should determine to bear the loss, the most simple manner of effecting the object would be "to direct the mint to receive that species of gold for a short time at the former statute rate, the United States paying the difference." Quincy's opinion, however, was, that whatever equitable considerations might exist for the Government to pay the difference, the attempt to apply relief would prove inexpedient and impracticable. For it was very apparent that there was no foundation for indemnifying those who had received these coins subsequent to the 10th of April, 1809, when the law making them a legal tender expired. The cases in which present holders had received them prior to that time were doubtless so very rare as to render any provision for their relief unnecessary. In respect to the banks, the specie circulated through them in such a manner that it would be hardly possible to distinguish the coins they had received since the 10th of April, 1809, from those received before. Quincy said that in a few instances the coins might be distinguished, "yet it seemed far better that in these the loss should remain where it had fallen, than that the community should be exposed to the multiplied frauds and inconveniences which the attempt to indemnify upon any general principle would inevitably introduce." He might have added, too, that the inferior value of these coins to their legal valuation had been known for several years, so that most persons, and especially the banks, were not deceived either by the Government or by any one else when they received them.

This question of determining who should bear the loss of the Spanish gold coins, recalls forcibly the experiment of the British Government in 1695 under the gifted direction of Charles Montague. But Congress did nothing, so that for several years foreign coins formed no part of the legal monetary circulation of the country. When the matter was next touched the country was blazing in war with Great Britain.

ALBERT S. BOLLES.

CONDITION OF THE FOREIGN MIDDLE CLASS.

Great Britain has long been pre-eminent for the numbers, influence, and enlightenment of her middle class, the steady growth of which is the strongest proof of her welfare. Other nations are likewise advancing in this respect, for there has been a general "leveling up" in the last thirty years—due to railways, free trade, and other causes—which has been accompanied by a more equable distribution of public wealth, a diminution of the sum of human misery, and increased productiveness of labor. How much this period of transition has affected the United Kingdom, or how far we may be in advance of France, Germany, Russia, Spain, or Italy, are questions on which it is customary to form vague opinions, as if no sources of information existed whereby a precise gauge could be determined. And yet the task is as simple as Columbus's egg, if any one will take the trouble to ascertain these three points:—First: The increase in wealth and numbers of the three classes that compose society, since a certain date, in the United Kingdom. Secondly: The same as regards the principal countries of the Continent. Thirdly: A comparison of our own and other countries in respect to the said classes.

I.—DISTRIBUTION OF WEALTH IN THE UNITED KINGDOM.

When social reformers assert that "the rich are growing richer the poor poorer," they do not think it necessary to bring forward a single proof in support of their fallacy. But when we turn to the records of the Probate Court and compare them with the Registrar-General's death-roll we find the reverse to be the truth. Let us, for example, compare the years 1840 and 1877, which show that there has been indeed an enormous increase in the numbers and fortunes of the rich, but also that the ratio of persons dying with money in reference to population is just doubled, and that there has been as great a diffusion of wealth as if one-half of the estates held by members of the House of Lords had been divided among the people. In order to distinguish the three classes I may be permitted to designate as the rich all persons who left £5000 or upward at their death, the middle class all between £100 and £5000, and the working class all under £100, of whom the Probate Court takes no cognizance. The figures will then stand thus:

	1840.	*Ratio.*	1877.	*Ratio.*
Deaths over £5000....	1,989	1.69	4,478	3.36
From £100 to £5000.	17,936	15.25	36,438	27.33
Working class.........	97,675	83.06	92,444	69.31
Total*............	117,600		133,360	

Now, as the ratio among the living is the same as among those who die, we find that in 1840 there were only seventeen per cent. of the families in the United Kingdom above the reach of want, and that the ratio had risen to thirty-one per cent. in 1877. It will be, of course, objected that the value of money has changed,

* Being one-fifth of the number of deaths in each of the years cited, which is about the average of bread-winners or heads of families that die.

which is certain, the sovereign having lost half-a-crown (see note at the end of this paper); but even if we discount this, the ratio of persons in the upper or middle classes will be almost twenty-seven per cent,, or more than half as much again as the ratio of forty years ago.

If the rich have doubled in numbers, so has the wealth of the kingdom, and the increase of our merchant princes can only be regarded as most favorable, for it is to this class that the world owes such men as Peel, Colbert, Lorenzo de Medicis, &c., and among the *nouveaux riches* are often found the best patrons of arts and learning. The middle class, meantime, has not only recruited the ranks of the plutocracy, but also seen its own numbers doubled, thanks to the persevering energy of a portion of the working class, who have raised themselves in the social scale. At present there is little difference between England and Scotland in the relative strength of the middle class, but it was not so forty years ago, this class having quadrupled in Scotland in the interval. The following digest from the Probate returns, on the bases already laid down, shows the position of the classes in the three kingdoms then and now:

	England.		Scotland.		Ireland.	
	1840.	1877.	1840.	1877.	1840.	1877.
Rich	2.40	3.70	1.01	3.24	0.43	1.40
Middle class	21.20	29.40	9.17	25.88	4.36	16.51
Working class	76.40	66.90	89.82	70.88	95.21	82.09
	100.00	100.00	100.00	100.00	100.00	100.00

In 1840 England possessed eighty-six per cent. of the aggregate wealth of the United Kingdom, but her share fell to eighty-three per cent. in 1877, as appears from the amounts of property on which probate or succession duties were paid, viz.:

	Amount proved.		Average per inhabitant.	
	1840.	1877.	1840.	1877.
	£	£	£ s. d.	£ s. d.
England	47,100,000	108,150,000	3 1 0	4 8 0
Scotland	3,060,000	16,090,000	1 3 0	4 11 0
Ireland	4,450,000	7,220,000	0 11 0	1 7 0
United Kingdom	£ 54,610,000	131,460,000	2 1 0	3 19 0

It is remarkable that Scotland possesses more wealth for population than England, and has become the richest country in the world, though so poorly gifted by Nature. Her fortune has quintupled since 1840, being now double that of Ireland, We may search European annals since the time of Alexander of Macedon, and we shall find nothing to equal the rise of Scotland in the above period, but it is a fact of which Scotchmen seem unaware; at least they never mention it.* The total value of the three kingdoms, computed from the Probate returns, was made up as follows:

	Millions £.		Average per inhabitant.	
	1840.	1877.	1840.	1877.
England	3,320	6,552	£ 210	262
Scotland	196	970	81	277
Ireland	308	438	38	83
United Kingdom	3,824	7,960	147	239

* Neither do they observe the decrease of crime in Scotland; the convictions in the years 1840-42 averaged 1120 per million inhabitants yearly, and in 1876-80 only 570 per million, a decline of nearly fifty per cent., owing to which sixteen Scotch prisons have been recently closed for want of occupants.

The increase of wealth per inhabitant is much less striking in England than in the sister kingdoms, the condition of the latter having undergone a marvelous change. Forty years ago Scotland swarmed with beggars to such a degree that the sheriffs declared the state of the country was most alarming, and the farmers were so poor that they bled their cattle and cooked the blood for food. In Ireland three-fourths of the population went barefoot, and lived in hovels unfit for human habitation. Now all that is changed, and such is the prosperity of the bulk of the people that the Savings-bank deposits increased thirty-two per cent. between 1870 and 1880.

Returning to consider the United Kingdom as a whole, it may be interesting to see how wealth was distributed among the three classes at the dates in question, viz.:

	No. of Families.		*Millions £*		*Average per family*	
	1840.	1877.	1840.	1877.	1840.	1877.
Rich..........	86,833	222,500	2,507	5,728	£28,820	£25,803
Middle class...	782,100	1,824,400	1,126	1,834	1,439	1,005
Working class.	4,341,067	4,629,100	191	398	44	86
	5,210,000	6,676,000	3,824	7,960	735	1,194

The average fortunes of the rich are eleven per cent. lower, those of the middle class thirty per cent. lower, the result of the spreading of wealth over a larger numerical area, while the condition of the working classes has improved 100 per cent. It is astonishing that, while the population of the island of Great Britain has risen sixty-three per cent. since 1840, the wages of workmen and even of maid-servants are now fifty per cent. higher. The consumption of food per inhabitant is the best test of improvement in the working classes, viz.:

	1840.	1880.		1840.	1880.
Tea, oz...	22	73	Sugar, lbs..	15	54
Wheat....	269	358	Meat.......	84	118

At the same time the increase of depositors in Savings banks has been from three per cent. of the population to ten and one-half per cent., and the ratio of paupers has fallen to three per cent. of the inhabitants of the United Kingdom, the lowest known since the beginning of the century. As a further instance of improvement, the persons unable to sign the marriage register fell from forty-two per cent. in 1840 to twenty-three per cent in 1878.

This "leveling up" of the middle and lower orders has been as gradual and steady as the growth of National wealth, as we shall see by considering the number of houses in the United Kingdom, and the proportion rated over £20 per annum:

	Nat. Wealth. Millions £.	*No. of houses in U. Kingdom.*	*Rated over £20.*	*Ratio of same.*
1840....	3,824	4,507,500	244,300	5.40
1860....	5,215	4,864,800	519,200	9.60
1870....	6,880	5,157,900	754,100	12.80
1880....	8,420	5,868,600	1,002,400	14.50

According to this standard it would appear that persons in affluent or easy circumstances, compared with population, are three times as numerous as in 1840. Moreover, this upward tendency is specially remarkable during the recent years of partial depression (but of general advancement), as shown by the life assurance policies, viz:

	1875.		1880.		Ratio to Families in United Kingdom. 1875.		1880.
Persons insured.	754,200	..	879,700	..	11.40	..	13.10
* Amount........	£ 362,000,000	..	£ 422,000,000	..	£ 54	..	£ 64

It would be easy to quote many other proofs that the diffusion of wealth which the Probate returns indicate is beyond all doubt or controversy, and that so far from the rich growing richer, they are not individually so wealthy as before, while the proportion of persons in middle fortune has doubled, and the condition of the working classes improved in even greater degree than the growth of capital.

II.—DIFFUSION OF WEALTH ON THE CONTINENT.

In studying the condition of countries it will be invariably found that wherever the middle class is most numerous, the public fortune is most evenly distributed, and the National prosperity highest. Thus we find that the class in question is three times as numerous in France as in Germany, and twice as numerous in the latter country as in Italy or Spain, while the ratio in Russia is lowest of all, being hardly one-tenth of what it is in Germany. The returns of income and of house valuation enable us to ascertain the numbers of the rich and middle class, and to arrive at their percentage in the general population, that is, compared with the total number of families in each country, viz:

	Rich.		*Percentage of population.*		*Middle class.*		*Percentage of population.*
France.....	158,210	..	2.05	....	1,666,700	..	21.64
German....	119,803	..	1.28	....	686,250	..	7.30
Italy.......	30,983	..	0.55	....	203,223	..	3.57
Spain......	25,120	..	0.72	....	136,100	..	3.88
Russia.....	24,746	..	0.15	....	123,200	..	0.75

There is no general standard of wealth, one Russian noble having an average income equal to four Spanish dukes, five and a half Italian princes, or six German barons, while the fortunes of the middle class vary in a similar manner. The above is simply a "conspectus" of the strength of the well-to-do classes on the Continent, of which we shall form a better idea by visiting, with our mind's eye, the various countries in succession.

France.—The classification of houses is the only guide we have in this country for the assessment of incomes, but it is perhaps nearly as accurate as could be desired, viz:

	Families.		*Average income.*		*Amount in millions £.*
1st class....	158,210	....	£ 800	....	127
2d "	1,666,700	....	200	....	333
3d "	5,879,310	....	85	....	505
	7,704,220	....	£ 125	....	965

According to the tables of transfer of property, on which D'Audiffret and De Foville naturally lay much stress, it appears that the National wealth has multiplied threefold in forty years, having risen from 2580 to 7900 millions sterling—that is, from £ 75 to £ 213 per inhabitant. At the same time there has been a wider diffusion of wealth, the Cotes Foncières showing that large estates have diminished by ten per cent., and those of medium size increased fifteen per cent. The following return does not include any estate of less than an hectare (two and a half acres,) such being merely pauper holdings, and stands thus:

	1842.		1858.		1881.
Over £40 tax........	16,310	..	15,870	..	14,774
Under £40 tax......	6,077,690	..	6,416,130	..	6,928,226

It appears that since 1842 there have been cut up 1536 large estates into 851,000 peasant farm-holdings. Even if we accept the French theory that the number of proprietors is exactly half that of Cotes Foncières, we still find 425,000 peasants have become land owners by means of thrift and industry. Nor have the working classes in the towns been less remarkable for these good qualities, since the Savings banks show the following progress:

	1840.		1860.		1880.
No. of depositors.....	311,000	..	1,126,000	..	3,851,000
Amount...............	£6,822,000	..	13,514,000	..	51,211,000

This, however, only represents a small part of the popular savings, for when the loan of 1872 was emitted the number of French subscribers was 934,000, most of whom evidently purchased the stock for an investment, as we find the persons regularly enrolled as holding *rentes* in their own name (without taking to account those payable to bearer) have increased from 866,000 in 1870, to 1,252,000 in 1878. Herein we see how widely wealth is becoming diffused among the people, the annual accumulations since 1875 having averaged 135 millions sterling, and the product of every tax exceeding the Minister's estimates by twenty or thirty per cent.

M. G. Mulhall in March No. of Contemporary Review.

FINANCIAL CONDITION OF PERU.

The assets of Peru consists almost wholly of her guano deposits, and in the multitude of wild statements which have been made concerning their extent, some definite figures are of interest. The London *Telegraph* gives statistics from a Peruvian bondholder, showing that, making allowance for this year's shipments, already contracted for, there will be left less than three hundred thousand tons of guano, containing not less than four or five per cent. of ammonia. In all the Peruvian deposits, supposing the net value of this guano to be $30 per ton, this would give a total of only $9,000,000, which is already hypothecated to the bondholders. As for the nitrates of which so much has been said, they are not the property of the Government at all, but belong to private individuals, who work them on precisely the same conditions as our miners do our veins of gold and silver. The resources of Peru are largely hypothecated as security for her bonded debt of some $225,000,000. In addition to this bonded indebtedness, Peru has domestic obligations which cannot be definitely ascertained, but which moderate estimates place at $125,000,000 more. Peru is evidently bankrupt, and from all the facts in the case Chili has no choice in the matter of indemnity. She must require the cession of territory or release Peru altogether from what Peru's most ardent sympathizers admit to be a just claim.

CURRENT EVENTS AND COMMENTS.

PRODUCTION OF OPERATIVES.

The operatives employed in the manufactures of England are stated to number 2,930,000 against 2,781,000 in Germany, 1,936,000 in France, and 1,150,000 in Russia. The production per operative is given as—United Kingdom, £224; France, £220; Germany, £103. In the principal textile manufactures, cotton and wool, the United Kingdom produces a total of the value of £155,000,000; the United States, £84,000,000; France, £68,000,000; Germany, £48,000,000.

CANADIAN CO-OPERATIVE ASSOCIATION.

The Canada Co-operative Supply Association of Montreal is now in full operation, occupying large premises on Victoria Square, in which two wholesale firms formerly did business. They have departments for the following goods: Groceries, liquors, dry goods, jewelry, drugs, &c., stationery and fancy goods, and have already attracted a numerous *clientelle*, membership being obtained by becoming a stockholder, or by the payment of an annual fee of one dollar. Whether or not the venture will prove a lasting success, the fact nevertheless remains that a number of the leading city tradesmen find a falling off in their sales; and one of the principal retail dry goods men has advertised his intention of opening what he calls a co-operative grocery store, and generally "carrying the war into Africa." The manager states that the sales, which were $800 in the first month after opening, were last month $36,000.—*Monetary Times, Toronto.*

THE HOARDING OF GOLD.

An addition, and by no means adequately appreciated, cause of stringency of money is the growth of the passion for hoarding gold among the lower classes with the increase of property. Our immense foreign population does not crave half as much for paper money as it does for gold. Some of them—the Italians, the Austrians, for instance—had some experience with paper money at home. They don't know anything about the solidity of greenbacks, bank notes, bonds, and Savings banks. What they are anxious to get is a gold piece, and the moment they get it they hide it. Nothing but the opportunity of buying at a bargain land, cattle, or a house, ever brings these gold pieces out again. It has been calculated that some $200,000,000 have thus been abstracted from the circulation during the last three years of growing prosperity throughout the continent. Women represent a very important factor in this hoarding process. A woman of almost any European nationality prefers a gold coin to a piece of clothing, a piece of furniture, or anything else, except, possibly, a piece of jewelry. An old Frenchman told me the other day that he avoids ever going home with a gold piece in his pocket, for he is sure that his wife would steal it at night and try to persuade him the next morning that the coin must have rolled out of his pocket. "Yet she is a very honest woman," added he. "She would never touch the bank notes, but her passion for hoarding gold is insatiable. I don't mind it, though, for she will give it all back if a rainy day comes."—*The Tradesman.*

BOURSE GAMBLING.

"The passion for bourse gambling," says the *Debats*, "has spread of late with a vertiginous rapidity in all classes of society. Even women have caught the infection. There is hardly a family which is not just now in anguish or in tears. The lesson is a rough one —let us hope it may be wholesome." The practice of gambling in stocks, which has been carried to such an excess in Paris that in many of the best salons the jargon of the bourse is more often heard from ladies' lips than even the gossip of society, to say nothing of literature and politics, is unfortunately by no means confined to Paris. The American papers have lately been lamenting the extent to which it is carried at Chicago, where the wives of speculators gamble for the rise or fall of the corn as regularly as their husbands; and there is something more than a suspicion that a good deal of the same kind of thing goes on in London. It is better concealed here, no doubt, but if a crash were to come, there are perhaps more houses within the four-mile radius than most people imagine where very disagreeable revelations would follow.

—*Pall Mall Gazette.*

FRENCH COMPANIES.

The Paris *Revue de la Finance et de l'Industrie*, a weekly financia paper, estimates the total capital of companies with a capital of upwards of 100,000 francs, created in France during the past year, at 2,340,197,000 francs, or, in English money, £93,608,000, which exceeds by £2,000,000 the total capital of companies started in England during the same period, as given in the *Times*. Of this sum 1,207,189,000 francs was the capital of companies started during the first six months, and 1,135,008,000 francs that of the second half of the year. An analysis of the items comprising the vast sum of money thus invested gives the following results: Banks, 415,400,000 francs (£16,717,000); insurance companies, 28,600,000 francs; metallurgical companies, 82,725,939 francs; railway and other carrying companies, 98,928,000 francs; mining and quarrying companies, 44,500,000 francs; lighting and water companies, 19,400,000 francs; newspapers, 33,200,000 francs; land-and-house-property companies (*societes immobilieres*), 173,427,000 francs; miscellaneous, 238,817,500 francs. After reading the foregoing, will any one be surprised at the general "burst-up" recently witnessed in Paris. They will only be astonished that such a number of wild financial schemes could be worked up in so short a time, and find dupes among men of capital to invest in them. The cause of the flurry explains why its effect has been so lightly felt outside of France.

PROPERTY OF THE CITY OF PARIS.

An estimate has been published of the municipal estate of the city of Paris, and it is curious and imposing, all national monuments and buildings situated in Paris being left out of the reckoning. This estimate shows property of one kind and another valued at $212,000,000, in which sum are included sixty-four churches worth nearly $35,000,000, twenty barracks worth $5,000,000, 143 primary schools set down at $12,500,000, nineteen cemeteries at $6,500,000, forty-four parks and squares at nearly $55,000,000, and ninety-six statues and fountains at $700,000.

CONDITION OF ENGLISH TENANTS.

There are one hundred thousand tenants in arrears in Ireland. An equally startling statement might be made with reference to the English tenantry. At the recent audit of Guy's Hospital estate in

Lincolnshire only two out of the whole number of tenants paid up. Yet the trustees of the great medical charity of Southwark are among the best of landlords, and their Lincolnshire estate is perhaps the finest producing area in the country. People unfamiliar with the agricultural districts of this country have not the remotest idea of the terrible straits the farmers are in. One of the largest cultivators in Lincolnshire recently assured me that he did not believe there were half-a-dozen tenants in the Fen District who could pay 20s. in the pound were they to be pulled up to-morrow.

AGRICULTURE IN ITALY.

The general conditions of agriculture in Italy are becoming more and more difficult. Italian silks have been supplanted by those from Asia; Italian rice is unsold in consequence of competition with India and Burmah; the grain of America has occasioned a great depreciation of home-grown grain in the market; cattle are no longer sought after since Europe is inundated with American meat, sold at a low price; and from one end to the other of Italy one sees daily our young and robust peasantry emigrating by hundreds to gain their bread in a foreign land. In one word, misery is on the increase. How to remedy so many evils but by seeking other and remunerative productions? The cultivation of tea is recommended. It grows easily between the 21st deg. and 45th deg. of north latitude, and may be seen flourishing in Puglia and Sicily, but up to the present time it has been cultivated only for ornamentation. This important subject has not been overlooked by the Government, and the seed of tea has been imported two seasons under official auspices. . . . At present the cultivation of it is purely experimental, but climate and soil are both well adapted to it, and should it succeed, Italy may hereafter supply the breakfast and tea tables of the North. A somewhat more doubtful experiment is being made with the cultivation of what is sold in some parts of this country as "American coffee." It is grown largely in the neighborhood of Lecce, and is sold in Florence and Milan. . . . A very pretty shrub it is, but it has no relation whatever to the coffee plant; it is connected rather with the genus of plants called *Aristolochia*. The country people, however, grow it and consume it. The bean is similar to that of the coffee plant, and when mixed with coffee is not unpleasant, indeed it may be compared in its effects to chicory. . . . It will scarcely add much to the agricultural produce of the country. It has, however, taken the fancy of many of the Southern Italians, and as such is a feature well worth noting.

TREES IN GERMANY.

The greatest effort is made to preserve the forests of Germany and to increase the forest acreage (about $ 500,000 being annually expended in replanting by the State), and the imports exceed the exports by over 2,000 tons. There are about 43,000,000 acres of forest in Austria. Austria, however, has so recklessly cut her forests that she is now obliged to buy most of her timber in Bosnia and Montenegro. Servia, Roumania and Portugal have good forests, but the fine forests of Italy and Spain are so situated that they cannot reach a market when cut. It would seem that the United States might profitably follow the example of Germany and save her forests. South Australia is at present engaged in this work and planting trees on an extensive scale.—*Boston Globe.*

THE RIGHTS OF THE NATIONAL BANKING ASSOCIATIONS.

The following opinion by the Attorney General of the United States was given the 23d of February, and addressed to the Secretary of the Treasury:

SIR:—Yours of the first inst. inclosed a communication from the Comptroller of the Currency, dated the tenth ult., suggesting certain questions, to which you request my attention. I have since carefully examined these questions, and now have the honor to submit my opinions thereon. They are as follows:

First—Can National banking associations organized under the Act of Feb. 25, 1863, amend their articles of association? (See section 12 of this Act.)

Second—If so, can associations so organized for a period of less than 20 years from the date of the act, under the terms of section 11, amend their articles of association and obtain the full period of 20 years from the date of the act? (See sections 5, 6, and 11 of the Act of Feb. 25, 1863.)

Third—Would an amendment of articles of association changing the maximum originally determined be consistent with law, provided the new maximum be determined by the Comptroller of the Currency? (See sections 5133, 5139, and 5142 Revised Statutes.)

Fourth—Would an amendment increasing the number of Directors originally adopted be inconsistent with the terms of section 5139 Revised Statutes, which provides that no change shall be made by which the rights, etc., of creditors shall be impaired? (See section 5145 Revised Statutes.)

Fifth—When the periods of succession of National banking associations organized under any of the laws of Congress expire, is there anything in the present National banking laws of the United States to prevent those who may have been stockholders of expiring corporations from organizing new National banking associations with the same name as those formerly possessed by the expiring associations, provided such names are taken with the approval of the Comptroller of the Currency?

Sixth—Is there anything to prevent National banking associations whose periods of succession expire from converting into State banks under the enabling acts of the various States and subsequent reconverting, under section 5154 Revised Statutes, into National banking associations with names which had been previously held by the associations whose corporate existence had expired, particularly in States where there are also laws enabling State banks to convert into National banking associations? How would it be if there were such enabling acts as the ones mentioned?

The first two questions which relate to the amendment of their articles of association by National banks organized under the act of February 25, 1863, may be appropriately considered together. The formation of National banking associations under that act was regulated by the fifth and sixth sections thereof, which provided that persons (of whom the number was not to be less than five) uniting to form such an association should, under their hands and seals, make a certificate specifying its name, its place of business, the amount of its capital stock, and the number of shares into which the same is divided, together with the names and places of residence of the shareholders and the number of shares held by each. This organization certificate when duly acknowledged was to be transmitted, along with a copy of the articles of association adopted, to the Comptroller of the Currency, who was required to record and carefully preserve both instruments in his office. Section 11 of the same act declared that every association so formed "may make and use a common seal, and shall have succession by the name designated in its articles of association and for the period limited therein, not, however, exceeding 20 years from the passage of this act," and by such name may contract, sue and be sued, etc., and make by-laws approved by the Comptroller of the Currency, not inconsistent with the laws of the United States or the provisions of this act for the

election of Directors, the management of its property, the regulation of its affairs, and for the transfer of its stock, etc. Thus an association, formed as above, was created into a corporation of limited duration, the organization certificate and articles of association, together with the provisions of the statute by which corporate powers were conferred and their exercise regulated, constituting as it were its charter. Such corporation, on certain preliminary requirements being complied with (see sections 7, 9, 10, 15, 16), was authorized to carry on the business of banking by issuing circulating notes, discounting bills, receiving deposits, etc., in accordance with the provisions of that act. (See section 11.) The articles of association are in themselves a contract, which is fundamental in its character, and is binding upon all the parties thereto as far as it does not contravene the law. Yet, when regarded irrespective of the statute, they, (like articles of copartnership) would undoubtedly be subject to any modification, though they could not be varied or altered without the consent of each party unless the articles otherwise provided. By section 12 of the Act of 1863, it is delared that "no change shall be made in the article of association by which the rights, remedies, or security of the existing creditors of the association shall be impaired." This provision is re-enacted in section 12 of the Act of June 3, 1864, and also in section 5139 Revised Statutes. Here, in forbidding certain changes in the articles the power to change them is impliedly recognized, and they are, in this regard, left to be dealt with upon the footing of a contract simply. In view of this legislative recognition of the power to change it must be deemed that National banking associations, organized under the Act of 1863 may amend their articles of association provided the amendment is not prohibited by or inconsistent with the statute. Recurring to the provisions of section 11, above, it will be seen that a banking association formed under the Act of 1863 is granted "succession by the name designated in its articles of association and for the period limited therein," not exceeding twenty years from the passage of the act. The effect of this provision is the same as if the name designated in the articles and the period limited therein were, at the time when the corporation comes into existence, expressly embodied in the section. Both the one and the other become then fixed by force of the statute, and must so remain until Congress authorizes a change. In neither can this be accomplished by an amendment of the articles alone. I remark in this connection that numerous special acts have been enacted, permitting a change of name by associations particularly described therein. Such legislation is indicative of the sense of Congress on this point.

In answer to the first and second questions submitted, I accordingly reply: 1. That associations organized under the Act of Feb. 25, 1863, can, in my opinion, amend their articles where this does not conflict with the provisions of the statute. 2. That associations so organized for a period of less than twenty years from the date of the act cannot, in my opinion, by amending their articles extend the period to twenty years from that date.

The next question (the third) relates to the increase of capital stock. Section 5142 Revised Statutes enacts: "Any association formed under this title may, by its articles of association, provide for an increase of its capital from time to time, as may be deemed expedient, subject to the limitations of this title; but the maximum of such increase to be provided in the articles of association shall be determined by the Comptroller of the Currency," etc. When articles of association provide for an increase of capital, and the maximum of such increase is once fixed by the determination of the Comptroller I am of opinion that both his power and that of the association over the subject are exhausted, and that a further increase and a new maximum cannot be effected by amendment of the articles. The power to amend, recognized in section 5139, even if it could be used to introduce in the articles a provision for an increase of capital under section 5142, where such provision is not already contained therein, is necessarily controlled by the terms and limitations of the latter section. I accordingly answer the third question in the affirmative.

In regard to the fourth question, I submit that an amendment of the articles providing for an increase of the number of Directors would not be inconsistent with the provisions of 5139 Revised Statutes, that "no change shall be

made in the articles of association by which the rights, remedies, or security of the existing creditors of the association shall be impaired." Obviously, such an amendment, which concerns only the government of the corporate body, would not affect the legal rights or remedies of creditors, or in contemplation of law their security.

To the fifth question I reply: The present National banking laws do not forbid the stockholders of an expiring corporation from organizing a new banking association, nor from assuming the name of the old corporation with the approval of the Comptroller of the Currency: and in the absence of any prohibition to that effect, no legal obstacle to the formation of a new association by such stockholders and the adoption of the name of the old association would in my opinion exist.

To the remaining question I reply that I do not know of anything to prevent a National banking association, upon the expiration of the period limited for its duration, from being converted into a State bank under the laws of the State, provided it has liquidated its affairs agreeably to the laws of Congress; nor after it has thus become a State bank to prevent such bank from being converted back into a National banking association under section 5154 Revised Statutes, and adopting the name of the expired corporation with the approval of the Comptroller of the Currency. To enable a State bank so to reconvert itself into a National banking association, authority from the State is not necessary. (*Casey* v. *Galli*, 94 U. S., 673.)

NEW YORK SAVINGS BANKS.

The Superintendent of the Bank Department of New York, A. B. Hepburn, has presented to the Legislature his annual report relative to Savings banks. The resources of all institutions reporting to the department on the first of January, 1882, were: Savings banks, $ 443,047,414; banks of discount and deposit, $ 113,498,972; trust companies, $ 122,011,860; safe-deposit companies, $ 2,021,836; total, $ 680,580,082. There are many building, mutual loan, and accommodating fund associations. Mr. Hepburn says, reporting to the department, but the returns are so incomplete that no accurate statement of resources can be made. The number of Savings banks reporting to the Superintendent, Jan. 1, 1882, was 127. During the year the Port Jervis Savings Bank went into liquidation. Twelve of the Savings banks are in process of voluntary liquidation. Eleven of the number have received no deposits during the year, and are practically closed, requiring only the transfer to the Superintendent of the trifling balances held by each to complete their final dissolution. The names of and the amount of deposits held by each, are as follows: Hope Savings Bank, Albany, amount due depositors, $ 320.71; Chautauqua County Savings Bank, Fredonia, $ 66.38; Southern Tier Savings Bank, Elmira, $ 1,058.74; Clinton County Savings Bank, Plattsburgh, $ 751.31; Mechanics' Savings Bank, Brooklyn, $ 367.93; Park Savings Bank, Brooklyn, $ 329.44; Equitable Savings Institution, New York City, $ 171.71; Whitestone Savings Bank, Whitestone, $ 557.78; Central Savings Bank, Troy, $ 666.88; Manufacturers' Savings Bank, Troy, $ 537.34; and White Plains Savings Bank, White Plains, $ 547.29. The number of banks engaged in active business is 115. On July 20th, 1881, a certificate of authorization was granted to the Queen City Dime Savings Bank of Buffalo. The bank has not yet opened for business.

Since the passage of the Act of 1879, providing for the closing and dissolution of Savings banks, the representatives of nine banks have transferred the remaining unclaimed balances to the Superintendent, and have been discharged from their respective trusts. They are as follows: Richard M. Bent, Receiver of the failed New Amsterdam Savings Bank, of New York City, Oct. 9, 1879, deposited $ 429.79 of unclaimed balances due to 459 depositors. Seventy-seven

cents has been repaid to one depositor. William M. Banks, Receiver of the failed Security Savings Bank, of New York City, Dec. 16, 1879, deposited $1865.72 of unclaimed balances due to 1180 depositors. The amount of $240.56 has been repaid to sixteen depositors. The trustees of the Newtown Savings Bank, of Winfield Junction, having voluntarily closed that bank on Dec. 27, 1879, deposited $1.40 of unclaimed balances due to two depositors. B. Platt Carpenter, Receiver of the failed Haverstraw Savings Bank, of Haverstraw, Jan. 23, 1880, deposited $596.04 of unclaimed balances due to 251 depositors. The amount of $240.27 has been repaid to nine depositors. The Receivers of the Oriental Savings Bank, of New York City, Nov. 15, 1880, deposited $2255.50 of unclaimed balances due to 6093 depositors. The amount of $68.07 has been repaid to eight depositors. Frank Thompson, Receiver of the Abingdon Square Savings Bank, New York City, June 13, 1881, deposited $930.37 of unclaimed balances due to 452 depositors. The amount of $6.02 has been repaid to one depositor. The trustees of the Port Jervis Savings Bank, of Port Jervis, having voluntarily closed the bank, Dec. 22, 1881, deposited $251.97 of unclaimed balances due to five depositors. Samuel B. White, Receiver of the Traders' Savings Bank, of New York City, Dec. 30, 1881, deposited an assignment of a judgment against Alexander M. Lesley, and $547.32 of unclaimed balances due to 487 depositors. D. O. Bradley, Receiver of the Mutual Benefit Savings Bank, of New York City, Dec. 31, 1881, deposited $7554.86 of unclaimed balances due to 1346 depositors. The Receiver of or Assignee in Bankruptcy of the Market Savings Bank, of New York City, has neglected to make any report, and has made no response whatever to the requisition of the department. The bank failed in January, 1872. Mr. Hepburn says that there seems to be a general inability on the part of the public to ascertain the condition of this institution. He has no information as to the seven banks closed prior to January, 1882, other than a list of depositors and unclaimed balances due them.

The Superintendent sets forth that while dividends paid to depositors have been diminishing year by year, the expense of management has remained about the same. "The salaries of officers," he continues, "were fixed at a period of inflated currency, and costly living. Our currency has attained a specie basis, and the purchasing power of a dollar being largely increased and salaries and wages generally reduced; still, Savings-bank salaries remain comparatively unchanged. To justify this there exists the fact that deposits during the past three years have increased nearly $99,000,000. The interest of depositors demand that competent officers be employed and salaries sufficient to command such service be paid. There is just as much difference in the value of men as in any other element of expense that enters into the cost of any enterprise. Neither does the expense of bank management in rural New England, without due allowance, form a proper criterion for determining what should be the expense of bank management in New York. In no case are the under employees overpaid, nor is it true that the officers as a rule are overpaid. Trustees, under the rigid accountability and responsibility which the law imposes, are entitled to the protection of having the banks managed by competent and efficient officers. There are instances, and too many of them, in which parties receive salaries out of proportion to the services they render. I think the reduction in dividends should have a correlation in the expense of management. And I trust that Trustees, in the interest of depositors whose dividends are so much reduced, and in the interest of the banks themselves, will carefully scrutinize their line of expenses, and enforce retrenchment wherever it is possible.

"The available fund is $43,536,884, an increase of $8,088,019, since last year. The amount loaned upon collaterals during the past year has increased $17,871,995. The collaterals are almost wholly Government bonds. The *Financial Chronicle*, on Dec. 31, 1881, published statistics showing a gradual rise in the rate of interest paid upon prime commercial paper during the three preceding years. Should the rate of interest, which for the year 1881 averaged from four and three-fourths to five and one-half per cent., continue to advance it must have an appreciable effect upon the premiums commanded by our best

securities. I think, however, the effect will be inappreciable upon United States bonds. A short time ago, when popular favor changed from short to long-time bonds many investors lost by depreciation what was equivalent to two and three years' interest. This feeling of uncertainty as to the future rate of interest explains the hesitancy of banks to make permanent investments at the very high premiums they would be compelled to pay, and consequent increase of the available fund. In framing the general Savings-bank law, great care was taken to separate the business of Savings banks from that of discount banks and trust companies in order to avoid all jealousies and rivalries, and secure to the funds of depositors greater permanency and security of investment. I believe there is no better policy than compliance with the law as it now stands. The Savings Bank of Utica does not receive to exceed $ 50 from any depositor at one time. The Bowery will not receive to exceed $ 250 for the period of six months. Other banks have equally salutary regulations."

Mr. Hepburn deplores the issuance and repudiation of municipal bonds in this State, and adds: "Under the holdings of our own courts the validity of but few issues of town bonds could be established. Had not the United States courts, possessing concurrent jurisdiction, antagonized our State courts and held that these bonds, regular upon their face and in conformity to the statute under which they were issued, in the hands of a bona fide holder for value, must be paid, the possession of these securities would have been ruinous to many banks. 'The dearest way to pay a debt is to repudiate it.' Nothing could justify repudiation, not even from the low stand-point of selfish interest. Scathing have been our criticisms upon the attitude of repudiation assumed by the South. And while nothing could justify her action, yet she had the suffering, poverty and oppression that always afflict a conquered people, to provoke it. What shall we say, then, of the various localities of our own State—a State wealthy and prosperous beyond her sisters—that in the full tide of prosperity blacken our escutcheon by repudiating their obligations—obligations whose supposed sacredness had designated them as a proper investment for trust funds? Every corporation at the time of declaring a dividend, should be required to publish a verified statement of the date upon which such dividend is declared. Such information should not be locked up in the Board of Directors, to be exploded upon the market at some desirable time, either to appreciate or depreciate the stock. The public, as individuals, furnished the money to build and equip railroads, and own their stock and bonds. Why should not these roads furnish them the information necessary to make their investments intelligently? Why should they not possess the data upon which to determine in their own minds, upon business principles, the value of a stock or bond? The leading capitalists of the country, who are the directors of our great corporations—these trustees—take advantage of their positions to gamble with the future, discounting its possibilities, and heaping upon corporations an amount of indebtedness which will require the prosperity and development of the next generation to render dividend paying."

In referring to the intimate relations and close sympathy which telegraph and cable have established between the money centers of the Old World and the New, Mr. Hepburn says that it cannot be better illustrated than by the fact that a bank failure in Newark "serves to unsettle and mark down prices in London and on the Bourse, while the failure of the Union Générale, in France, produces a corresponding depression in Wall Street. The reduction of our National debt during the past year was $ 133,690,018. Should the same rate of reduction continue, the entire debt would be paid off in about fourteen years. This however, is impossible, as the four per cents do not mature until 1907. There is no propriety nor sound public policy in this rapid payment of the public debt. The present generation has sustained the physical burdens of the war which gave rise to that debt. Succeeding generations should, in equity, be left to sustain a portion of the financial burdens."

The banks are required to, and certainly do, he says, pay as high a rate of dividend as prudent management will justify. It seems to him that conviction

of the unwisdom and impolicy of subjecting these institutions to taxation must follow an examination of tables showing the rate of interest paid to depositors in Savings banks, the rate of taxation, and the remaining percentage. He asks the question, How far do they escape taxation? and continues: "The total resources of these banks at market value of securities is $443,047,414; at par value, $408,761,601. From this total deduct $155,133,760, United States bonds, which in all hands and everywhere are exempt from taxation, and we have left $253,627,841. Deduct real estate owned which is taxed where situated for both general and local purposes, $9,527,517, and we have left $244,100,324. There is loaned on bond and mortgage $91,401,641. The real estate securing these loans is fully taxed, and surely a Legislature attempting reform and seeking to apportion the burdens of taxation more equitably would not impose a double taxation, whatever might be their views as to the equities existing between mortgagee and mortgagor as to who ought to pay the tax. Deducting this sum we have left $152,698,683. There are $38,939,288 of available fund which is on deposit with different banks, or loaned to bankers on collaterals. This sum pays in the hands of depositories and borrowers the Government tax levied upon deposits, one-half of one per cent. To impose a greater tax upon Savings-bank deposits than is imposed upon discount-bank deposits would drive deposits to the discount banks. Hence, deducting this sum already taxed one-half of one per cent., we have left $113,759,395. This sum is exempt from taxation, except that the United States Government imposes a tax of one-half of one per cent. on the excess of all deposits over $2000. The entire amount that escapes taxation is $113,759,395, belonging to 1,036,106 depositors, an average exemption of $109.79.

"I venture the assertion that out of the 5,082,871 inhabitants of this State, you could not select another 1,036,106 citizens who would not have twice that sum which escapes taxation altogether. The specific articles exempted from taxation by the Revised Statutes, plus the $250 exemption accorded to householders by chapter 782, Laws of 1866, make a total exemption (depending for amount upon the quality of the goods, &c.,) easily averaging $500. There was raised by taxation, general and local, in this State last year for the support of public education, $10,450,524, aside from all moneys received from invested funds. There was expended during the year 1880—the latest statistics available—for the support of the poor, $8,482,648. Over $5,000,000 of this sum was raised by direct taxation. The above sum does not include any private charity. Shall the State, adhering to the foregoing exemptions, single out Savings banks for taxation? Has not history vindicated the wisdom of Government in fostering and strengthening these institutions, whose functions are auxiliary to Government itself? Is it not apparent that any tax imposed upon these banks must impair their strength and usefulness? And that all revenue the Government might receive from this source, with added volume, must annually swell the taxes raised for the support of the poor? Many banks pay no interest on amounts in excess of $5000; some of the most conservative, none in excess of $3000, and others graduate the rate with a maximum of $500 or $1000, diminishing as the amount increases. Some few of the banks have very large deposits, generally the result of money being left with them to double, treble or quadruple. It matters not how these deposits came to their present amount. They have no right in a Savings bank. It is their presence that gives color to the charge that the banks are being used by capitalists, and specially invites attempts at taxation. I regard it as the imperative duty of trustees of banks having such deposits, acting up to the spirit of the law, to exercise the discretionary power given them and compel the withdrawal of such deposits. This they can easily do by resolving not to pay interest on an excess of $3000 in any deposit. I think it would be wise were the Legislature to enact such a limitation into law."

Regarding the organization of Postal Savings banks, Mr. Hepburn says that the reasons put forward why the Government should take this step are that the Government would conserve its own interest by getting cheap money, and would at the same time be exercising its paternal functions by affording a safe and convenient depository for its poorer citizens. Thus the interests of the Govern-

ment and the public would both be consulted. The proposition is, continues Mr. Hepburn, to establish Postal Savings banks, in the discretion of the Postmaster-General, at any office where the salary of the Postmaster equals $500 per annum; that the Government shall pay three per cent. upon the deposits received, of which two per cent. shall go to the depositors and one per cent. for expense of managing the banks. He continues: "At least ten per cent. of deposits must be retained in the different Postal Savings banks, earning the Government absolutely nothing, as an available fund from which to pay depositors as they call for their money. State institutions make temporary deposits of their available funds in banks and trust companies, and receive on their balances from two to four per cent Postal Savings banks cannot loan or deposit this available fund without abandoning the claim to superior security, or else make the United States Government responsible for the financial ventures of a class of office-holders who are supposed to know little of finance. In any event deposits will cost the Government three per cent., plus the interest lost on the available fund.

"The Government can to-day borrow all the money it wants at three per cent., in exchange for its bonds, without assuming the cumbersome and expensive management of these institutions. Surely, so far as cheap money is concerned, the Government has nothing to gain. There are, in round numbers, $551,000,000 of extended 3½-per-cent. bonds. Suppose Postal Savings banks were established and proved as popular as their friends claim, what would the Government do with the money? They could not receive more than the above sum, for only so much of the National debt is due. Our revenues reduced the debt $133,690,018 last year, and we may assume the reduction will approximate that sum this year. No other bonds fall due until 1891, and then only $250,000,000, and after that, none until 1907. (True, the 'currency sixes' begin to mature in 1895, but they are only guaranteed by the Government, and will be paid by the railroads for whose benefit they were issued.) The Government cannot, by purchasing its own bonds, create a sinking fund with which to meet these maturing obligations, without sending them to such a premium that the interest saved would be materially less than the interest paid upon deposits. In which contingency it is proposed that the Secretary of the Treasury shall invest in 'approved State, county, or municipal bonds.' (Money's bill.) The Government, through its Post Offices, is thus to be launched into a general banking business of this character. It may be a fact, but it is yet to be demonstrated, that the highest degree of economy or efficiency exists in Government service. Certainly, from a governmental stand-point, there is nothing, absolutely nothing, to be gained by creating such banks. On the contrary, there is much risk to be incurred. And a civil service, not altogether above criticism, would be placed in the way of great temptation. There is not a single safeguard that the general Government can throw around the management of Postal Savings banks that any State cannot, with equal facility, throw around the management of its Savings banks. There is nothing in the situation to justify the Government in departing from the strict rule of public economy to exercise its paternal functions. While there are many subjects of legislation which, in our growth and commercial development, have transcended State control, the creation and regulation of Savings banks is one which may, with eminent propriety, be left to State management."

The Superintendent reports that eleven trust companies reported, on January 1, 1882, assets, $122,011,859.57; liabilities. $113,254,533.56; surplus, $8,757,326.01. The Metropolitan Trust Company commenced businesss December 1, 1881, and on January 1, 1882, reported assets amounting to $1,393,284.07, and a surplus of $14,480.18.

MENDED MUTILATED COINS.—An extensive business has recently been carried on throughout the country in "mending" mutilated coins by filling up the holes with gold or silver. The Director of the Mint, upon having his attention called to the practice, has decided that as soon as a coin is mutilated it ceases to be a coin and is simply bullion, and no patching of it can make it good.

GOLD AND SILVER PRODUCTION.

The United States produce one-third of the gold and one-half of the silver which are taken from the earth in the whole world each year. The gold produced in this country in the census year 1880 amounted to five ordinary car-loads, and the silver would have loaded a train of 109 freight cars of the usual capacity. This annual product would make a full cargo for a large modern ship. The distribution of the world's annual product of bullion is shown in the following table published by the Census Bureau :

Continent.	*Total bullion product.*		*Per-centage.*
North America	$101,558,348	....	55.78
Africa	1,993,800	....	1.10
Australia	29,018,223	....	15.93
Europe, including Russia in Asia	39,607,271	....	21.75
Japan	1,382,948	....	.76
South America	8,531,761	....	4.68
Total	$182,092,351	....	100.00

The work of gathering information about the production of the precious metals in the United States was intrusted by Superintendent Walker to Mr. Clarence King, who divided the field into three parts—the Pacific Division, with headquarters at San Francisco; the Rocky Mountain Division, with headquarters at Denver, and the Eastern Division, with headquarters at Newport, R. I. In the course of the work 2292 mines were examined and 413 mills and smelting-works. The production by States and geographical divisions for the census year ending May 31, 1880, is shown in the following table :

State or Territory.	*Gold.*	*Silver.*	*Total.*
PACIFIC DIVISION.			
Alaska	$5,951	$51	$6,002
Arizona	211,965	2,325,825	2,537,790
California	17,150,941	1,150,887	18,301,828
Idaho	1,479,653	464,550	1,944,203
Nevada	4,888,242	12,430,667	17,318,909
Oregon	1,097,701	27,793	1,125,494
Utah	205,747	3,068,614	3,274,361
Washington	135,800	1,019	136,819
Total	$25,176,000	$19,469,406	$44,645,406
DIVISION OF THE ROCKY MOUNTAINS.			
Colorado	$2,6,9,898	$16,549,274	$19,249,172
Dakota	3,305,843	70,813	3,376,656
Montana	1,805,767	2,905,068	4,710,835
New Mexico	49,354	392,337	441,691
Wyoming	17,321	——	17,321
Total	$7,878,183	$19,917,492	$27,795,675
EASTERN DIVISION.			
Alabama	$1,301	——	$1,301
Georgia	81,029	$332	81,361
Maine	2,999	7,200	10,199
Michigan	——	25,858	25,858
New Hampshire	10,999	16,000	26,999
North Carolina	118,953	140	119,093
South Carolina	13,040	56	13,096
Tennessee	1,998	——	1,998
Virginia	9,321	——	9,321
Total	$239,640	$49,586	$289,226

SUMMARY.

Pacific Division........	$25,176,000	..	$19,469,406	..	$44,645,406
Division of the Rocky Mountains...........	7,878,183	..	19,917,492	..	27,795,675
Eastern Division.......	239,640	..	49,586	..	289,226
Total.............	$33,293,823	..	$39,436,484	..	$72,730,307

Some gold and silver was produced which is not accounted for in this table. The value of gold nuggets and ore annually added to the cabinets of collectors is probably $150,000, and the silver ore thus preserved amounts to about $50,000. About $50,000 worth of gold quartz is made into jewelry and souvenirs. In handling gold dust as currency the annual loss is about $10,000, and perhaps $30,000 is lost in melting and assaying. These additions would raise the total to $73.020,307. California still holds the first place in production of gold. The vast deposits of auriferous gravel continue to yield largely, though their final exhaustion, in view of the enormous hydraulic operations now going on, must be expected at no distant day. The State furnishes 71.47 per cent. of the total product of placer mines, and 51.38 per cent. of the product of deep mines. The discoveries in the Bodie district added greatly to the deep-mine product. The amonnt of silver produced is comparatively small. The gold production is $108.30 per square mile. The decrease of the yield of the Comstock lode has caused a considerable decline in the product of Nevada. In 1876 the Comstock yielded $18,002,906 in gold and $20,570,078 in silver, but in the census year the yield of the entire Comstock district and outlying veins was only $6,922,830 for both gold and silver. The placer yield of Nevada is insignificant. No important gravel deposits having suitable water supply are known to exist. The yield in Utah is from a comparatively few rich claims, and varies but little from year to year. The placer yield was only $20,000. More than half the ore is milled, although the Territory's mining is generally regarded as dependent upon smelting works. The development of the Tombstone district has given a marked impulse to mining in Arizona. The placer yield is only $30,000. Since 1876 the yield in Idaho has depended largely upon the old placer mines of Boisé basin. The panic of 1876 in San Francisco seriously affected the Owhyee mines which had contributed heavily to the annual output. The proportion of placer to deep-mine gold in Idaho is as sixty to forty. The census examination was made too early to include the developments in the Wood River country and the Yankee Fork region. Mr. King predicted when he wrote the census report that the output of Idaho would be doubled in two years. Mining is overshadowed in Oregon by other industries. Nearly all the deep-mine gold in the State is taken from the quartz veins of Baker County. Gold quartz mining is conducted on a small scale in Yakima County, Washington Territory, and the Upper Columbia placers furnish more than one-half of the Territory's placer yield. Alaska contains many gold-bearing districts, but the yield has been small. In the census year $5,951 in placer gold was sent to the San Francisco mint. Colorado had suddenly risen to the first rank as a producer of the precious metals, although as a producer of gold the State was fourth in the census year. Including lead and copper, the product was $22,750,000. The placer yield in that year was small. The Black Hills mines furnish Dakota's yield. The placer product was about $50,000. Two-thirds of the deep-mine product of Montana is milled. The gravel deposits are valuable, and it is estimated that the placer yield is $1,162,906. The mines of New Mexico, in 1880, were awaiting the extension of railroads. Many of these mines were difficult and even dangerous of access. The Census Bureau's work there was affected by the assassination of Col. Charles Potter, the expert in charge of the Territory. There is rich placer ground in New Mexico, but for want of water but little gold has been obtained from it. In Wyoming, the actual production was confined to Sweetwater County. The average fineness of placer gold in the United States is .876. Of the ore mined in the census year, 91.39 per cent. in tonnage was treated at the reduction works, and 8.61 per cent. was left on the dumps. The average result of the working treatment, as compared with assay value, was 81.86

per cent. of the gold contents, 79.68 per cent. of the silver, and 80.40 per cent. in all. The highest average yield was from the Arizona ores—$7.01 gold, and $86.24 silver, per ton. Of the total gold product of the country, 64 per cent. came from deep mines, and 36 per cent from hydraulic, placer, drift, and river mines. The total coinage for the fiscal year ending June 30, 1880, was $84,370,144, of which $56,157,735 was gold. The total coinage of the United States from 1793 to June 30, 1880, was $1,438,719,925, of which $1,133,103,322 was gold. It is estimated, by means of mint records and the reports of manufacturers, that the amount of gold consumed in the arts in the year ending June 30, 1880, was $10,000,000, and of silver $5,000,000. Of this $5,500,000 in gold and $4,000,000 in silver were of domestic bullion produced in the year; $2,500,000 in gold, and $600,000 in silver were United States coin. and the remainder was old manufactured articles and foreign coin. The consumption of precious metals in the industries and arts in the census year is shown in the following table:

Manufactures.	*Gold.*		*Silver.*		*Total.*
Watches and jewelry...........	$6,517,986	..	$959,642	..	$7,477,628
Watch cases and manufactures.	1,202,872	..	1,817,248	..	3,020,120
Gold leaf and plate............	850,929	..	606,329	..	1,457,258
Chemicals......................	55,410	..	76,519	..	131,929
Instruments....................	6,996	..	4,432	..	11,428
Total......................	$8,634,193	..	$3,464,170	..	$12,098,363

NEW FINANCIAL BILLS.

Representative Payson, from the Committee on Coinage has reported a bill relative to the coinage of gold and silver coins and to provide for the issue of paper certificates for silver bullion. The principal changes in existing coinage laws proposed by the bill are: First, the one-dollar and three-dollar coins are stricken from the list of gold coins and the trade dollar from the list of silver coins; second, the standard silver dollar coined as now provided by law is made the unit of value; third, the subsidiary silver coins are made of full standard value, and all the gold and silver coins authorized by law are made a legal tender for all sums at their nominal value.

The bill also proposes an extension of the plan of issuing silver certificates based on deposits of silver bullion.

It provides that holders of silver bullion 900 fine or over may deposit the same in quantities of 1000 ounces or over, with the Treasurer or Assistant Treasurer of the United States, or with the Superintendent of any branch mint or assay office, and shall be entitled to receive the market value of the bullion deposited, in silver certificates of not less than $5 each. These certificates to be made payable on demand in coin or bullion and are to be receivable for customs, taxes and public dues, and when so received may be reissued by the Government.

The Committee in its report says that the bill reported "simply restores the silver coinage to its former honorable position and makes the fractional coins in fact what they purport to be."

This measure contains the essential features embodied in the bill that was introduced into the Senate in January last by Senator Teller.

Mr. Smith, of Illinois, has also reported to the House Committee on Banking and Currency a substitute for the two bills providing for the retirement of the trade dollars. The substitute was adopted by the committee. It is as follows:

Be it enacted, &c., That until the first day of July, 1884, the Secretary of the Treasury is hereby authorized and instructed to receive at the several

Mints of the United States the silver coin known as the trade dollar authorized to be coined under sections 3513, 3514, 3517, 3520, 3524, and 3536, Revised Statutes, and to give in exchange to any person presenting such trade dollars of full weight, dollar for dollar, the silver dollar coined by the authority of the Act of Feb. 28, 1878, entitled "An Act to authorize the coinage of the standard silver dollar, and to restore its legal-tender character," and the trade dollars so received shall be regarded as silver bullion, and shall be deemed a part of the monthly purchase of bullion required by the act of Feb. 28, 1878.

SEC. 2. All provisions of law authorizing the coinage and issuance of the trade dollar are hereby repealed.

The report to accompany the bill states that under the act authorizing the coinage and issue of the trade dollar there were coined and issued at the several Mints up to May 31, 1878, 35,959,360 trade dollars, of which there were exported up to Oct. 31, 1879, $27,089,817. In conformity with the option granted the Secretary of the Treasury by the Act of July 22, 1876, there were no more trade dollars coined after May 31, 1878. Deducting, therefore, from the amount of trade dollars coined—about $36,000,000—the amount exported, say $27,000,000, there would be remaining in this country about $9,000,000, which is approximately the amount which would be subject to exchange if the bill should become a law.

The House Committee on Post offices and Post roads have reported a bill for the establishment of Postal Savings banks. The first section provides that in order to make the Post-office Department available for the protection of small savings, and to facilitate the deposit and withdrawal of the same, there shall be established at the seat of Government a branch of the Post-office Department to be known as the "Central Depository," and the Postmaster-General shall be authorized to create such sub-depositories as in his judgment are advisable. The bill provides that any person above the age of twelve years may become a depositor by depositing $3, or a multiple thereof, and may thereafter deposit $1 or a multiple thereof at any such depository. The bill provides that no depositor shall deposit more than $100 during thirty days, or have to his credit more than $500 at any one time: that all deposits and withdrawals of deposits shall be free of expense to the depositor, and that he shall be allowed interest on sums of $3, or multiples thereof, at the rate of two per cent per annum; that such interest shall be computed for each full calendar month, and that withdrawals of deposits shall be made by withdrawal checks. It is further provided that at each depository there shall be kept for sale stamps of the denomination of ten cents each to be known as "postal-savings stamps," and that to each purchaser of such stamps the postmaster at that depository shall furnish a card to be known as the "postal-savings card," upon which he may affix such stamps, and when these stamps reach the value of $3 he may deposit the card with the stamps affixed, and be entitled to the same benefit as if he had deposited $3 in cash; that all moneys received at these depositories shall be deemed public moneys and moneys in the United States Treasury, and that the Secretary of the Treasury is authorized to receive all such moneys and invest them in interest-bearing securities of the United States, or securities guaranteed by the United States, or, if such securities are not obtainable except at a loss to the Government, then he is authorized to invest the same in interest-bearing State securities. The bill further provides for the necessary machinery to introduce the system into practical working order.

In his recent annual report the establishment of postal-savings depositories was recommended by Mr. James. Such depositories were established in Great Britain in 1861, and the system has grown in popular favor so rapidly that on Dec. 31, 1879, the number of accounts was very nearly $2.000,000, and the amount standing to the credit of depositors was more than $155,000,000. The interest paid in Great Britain is two and a-half per cent. In Canada the rate of interest is four per cent It is said by the advocates of the system that its establishment will not reduce the amount of deposits in private savings banks.

ACCOUNT OF A NOTED PARISIAN BANKER.

Those who took part in the worldly and financial movement of the early years of the Second Empire have not forgotten the original figure of a banker named Henri Place, of the firm of Noël, Place & Co., whose establishment was situated in the Rue due Faubourg Poissonnière. Intimately connected with the brothers Péreire, Henri Place took an active part as Director in the early and brilliant operations of the French Credit Foncier. Fortune seemed to smile on him. He was a bold, enterprising, amiable, literary man, of refined conversation, passionately fond of classical music, and withal "a mighty hunter before the Lord." He possessed at that time the Château of Petit Bourg, formerly the property of the Marquis Aguado. The luxury of Henri Place was prodigious. One day he let loose into his shooting grounds at Petit Bourg several thousand Chinese golden pheasants to give sport to his guests of the next day. On another occasion, wishing to offer to Prince Napoleon, the cousin of the Emperor Napoleon III, a hunt worthy of him, he had upward of a hundred hectares of land, all contiguous, sown with lucern, and stocked with 10,000 partridges, so that the princely sportsman could not advance a step into the lucern without raising a perfect cloud of birds. Suddenly, on the 31st of May, 1856, people learned with astonishment, that the famous owner of the Château of Petit Bourg had just been declared bankrupt by the Tribunal of Commerce, with liabilities amounting to 19,000,000f. Unfortunate speculations in grain and flour were said to have brought about this catastrophe, the real causes of which were never rightly known. Although Péreire Brothers lost some millions by it, they hastened to intervene, and through their exertions the creditors were paid in full, and the Tribunal of Commerce revoked the declaration of bankruptcy. But the blow had fallen; Henri Place's name never appeared again in any financial enterprise. This does not mean that the ex-banker had given himself up to inactivity. In retirement at his mansion in the Place de l'Europe, where he amused himself with the cultivation of roses, he was meditating fresh operations. He conceived among others the ingenious if not practical idea of transforming the inclosed ground belonging to the railways into plantations of fruit trees. It was he who discovered the beds of oysters which abound at the mouth of the Tagus, and who presided clandestinely, at the formation of a society called Les Huîtrières de Portugal, which soon sank again beneath the waves. From the recesses of his industrious and luxurious retreat Henri Place one day fancied he had dicovered the road to wealth and at the same time to safety. It is known that the Italian Government, having become masters of Rome in 1870, and consequently responsible for the whole of the old Pontifical debt, offered to the holders of the latter the exchange of their scrip for that of the Italian five-per-cent. stock. The Pontifical stockholders, being for the most part Legitimists and Clericals of high social standing, felt an invincible repugnance to enter into direct contract with the Italian Government—a repugnance which imperiled their interests. Impressed by this state of things, Henri Place founded an establishment which should undertake to receive and collect the Potifical scrip and convert it en masse on account of the holders. This transaction, approved and recommended by the Legitimist press, met with perfect success. As legal representative of large claims on the Italian State, Henri Place made several journeys to Rome, where Pope Pius IX naturally gave him a very friendly reception. From that moment it became the determined purpose of the former Director of the Crédit Mobilier to establish, with the support of the temporary customers who had intrusted him with the scrip of their Pontifical stock, a Catholic bank destined to become a great power, with ramifications extending throughout all countries which acknowledged the spiritual authority of the Holy See. He waited several years with a patience that nothing could dishearten, for the opportunity to realize this magnificent dream of a financial Charlemagne or Six-

tus V. Circumstances or chances difficult to determine, having brought him into relations with M. Dervieu, the Manager of the Union Générale, this obscure bank was chosen by Henri Place as the pivot of his operations. The little Union Générale of Dervieu, Guillaumeron & Co. became a *société anonyme*, with a capital first of 15,000,000 and then of 50,000,000, patronized by honored and honorable names, under the Presidency of M. le Marquis de Plœuc, formerly Inspector-General of Finances, Deputy for Paris in 1870, and formerly Deputy Governor of the Bank of France. Neither Henri Place nor M. Dervieu reaped the fruits of their initiative. Disagreements, which it is needless to recall here, brought about their almost immediate retirement. M. Dervieu has reconstituted his bank, and Henri Place has been dead some months; it would be a sort of impiety to break the silence which reigns around his tragic end. Henri Place's conception was not wanting either in justness or penetration. In the state of division and hostility in which parties live in France, it is certain that a considerable and respectable class would derive both convenience and advantage from confiding their interests to agents identified with them in a religious and political point of view. But in the sphere of business, ideas are worth less than actions, and neither convictions nor good faith and earnestness in well-doing are a substitute for practical fitness and professional experience. This has been only too well proved by events.—*The Contemporary Review.*

THE BANK OF MEXICO.

The primitive manner of doing business in Mexico has long been an embarrassment to any effort for the extension of trade. While much importance is attached to this new movement, in which French capitalists seem to have taken the initiative, the advantages to be derived are altogether conjectural, depending on management, and to a large extent upon the degree of independence which it may be possible to maintain in relation to the Mexican Government. Under the terms of the charter the principal office of the bank is to be in the City of Mexico, but as many branches or agencies may be established as the Board of Directors may see fit. The minimum amount of capital is $6,000,000, and the maximum is $20,000,000. The Directors are authorized to begin business as soon as they shall have $3,000,000 in cash. For every million in cash in the bank vaults they are authorized to issue $3,000,000 in notes, and these are to be in denominations of from $1 to $1000. The American Bank Note Company is to print them. These bank notes are to be signed by a director of the bank, the cashier, and a Government official called the "Interventor." This official is the representative of the Mexican Government in the management of the bank. No notes can be issued unless he is satisfied that the specified amount of cash to guarantee them is in the vaults. The Mexican Government reserves the right to exercise supervision over the issue of bills and the amount of cash in the bank at all times, in order to insure the safety of the public.

The Government agrees to use the money of the bank in all of its payments, and to transfer money from one part of the country to another by means of the bank and its agencies. For such transfer the bank will charge the Government one-fourth of one per cent., allowing the Government the benefit, if any, of the current rate of exchange. The bank is to have charge of and to carry through all Government enterprises or operations of a financial nature. It is to be preferred by the Government in assigning contracts of all sorts, and is to receive notice of all conditions of financial operations by the Government. In case of war or revolution, no property of the bank in Mexico can be confiscated or levied upon, nor can the capital, deposits, or values of any kind be touched. No forced loan can be made; the employees are free from military service, and the Government is to give the bank all the protection and support needed to make it perfectly safe. The object of this is to give confi-

dence in the bank among commercial men. The bank is to be kept free from all political associations of any kind. One of the most important parts of the scheme is the provision that the bank is to advance at the rate of $4,000,000 per year to the Government when called upon so to do. The operations contemplated are the issuing of bank notes; drawing drafts on other places; discounting bills; negotiating, discounting and purchasing drafts on merchants; discounting negotiable paper; making advances on goods and merchandise in warehouses belonging to the bank or under the bank's control; making advances on bills of lading; making advances on collaterals, such as bank or government stock; making advances on deposits of the precious metals; receiving deposits and opening accounts current; taking charge of Government financial operations; making collections for individuals and corporations; receiving on deposit all kinds of securities and valuables—doing the business of a safe deposit company; subscribing for Government, State and municipal securities, and doing a general banking business.

Of the shares, which are all subscribed for, 18,000 are held in Mexico, 12,000 in New York, and 50,000 in Paris. Three millions of the capital of the bank have been paid to the concern.

AGREEMENTS BETWEEN INDORSER AND INDORSEE.

NEW JERSEY SUPREME COURT, JUNE TERM, 1881.

Johnson v. *Ramsey.*

An accommodation indorser cannot set up, in a suit against him by his indorsee, that there was an agreement between them at the time of putting their names on the paper, that such indorsement should constitute a joint, and not a successive liability.

The case of *Johnson* v. *Martinus*, 4 Halst. 144, is to be considered as overruled.

The plaintiff and defendant were indorsers on a note, of which the following is a copy, viz:

$300. FLEMINGTON, N. J., *February* 14, 1878.

Three months after date, we, or either of us, promise to pay to the order of Jacob R. Johnson, three hundred dollars, at the Flemington National Bank, value received, without defalcation or discount.

[Signed] JACOB M. JOHNSON,
C. K. KLINE,
JAS. W. JOHNSON.

[Indorsed] J. R. JOHNSON,
JOHN RAMSEY.

The note was discounted for the benefit of the drawers, and not being paid at maturity the bank sued the makers and indorsers upon it, and obtained judgment by default against them. Only part of the money so adjudged could be raised out of the property of the drawers of the note, and the indorser Johnson was obliged to pay the residue. Upon a claim being made by him that he and Ramsey were joint accommodation indorsers, a feigned issue was ordered to try that question, and upon that trial the said Jacob R. Johnson introduced evidence to show that he "indorsed the said promissory note at the request of the said John Ramsey, and under the agreement and promise of the said John Ramsey to pay one-half of any moneys they, the said Jacob R. Johnson and John Ramsey, or either of them, should be afterward compelled to pay by indorsing said note for the said makers; that Johnson refused to sign the note as first indorser and payee until Mr. Ramsey promised to pay one-half of any moneys which might be recovered from both or either of them." It further appeared that this note was given to take up a similar note

held by the bank, made by the same parties to the order of Jacob R. Johnson, and indorsed by him and Ramsey for the accommodation of the makers, but without any agreement as to the respective liabilities between the indorsers.

The question presented for the advisory opinion of this court was whether the testimony relative to the alleged agreement above set forth was admissible.

BEASLEY, C. J. This case presents for consideration, in one of its aspects, the question how far the written contract inherent in the indorsement of commercial paper, as between accommodation indorsers, can be controlled or affected by a contemporaneous oral agreement. The plaintiff in the present suit is the first indorser on this note, and has paid part of the sum mentioned in it, and he now seeks to compel the defendant, who is the next indorser below him, to contribute one-half of this outlay, on the ground that at the time they signed the paper such was the understanding between them. As they stand upon the note these are successive indorsements, and unexplained, and considered intrinsically, they import a primary liability in the plaintiff; and with respect to him an entire irresponsibility on the part of the defendant. This is the legal effect of the signatures as they appear on the back of the note; the inquiry is whether another force can be given to them by virtue of an agreement between these parties, entered into at the time of making such indorsements.

In defining the legal rule on this general subject, Mr. Byles, in his *Treatise on Bills*, page ninety, correctly says that "no mere oral agreement can have any effect at law in contradicting the instrument, if contemporaneous with the making of it." This is the ordinary principle applicable to every species of written contracts; and although in the main it throws its protection around the agreement embodied in commercial paper, still it cannot be denied that in this latter case it has sometimes been thought to be subject to certain unusual limitations. That such supposed limitations have the sanction of high judicial authority I think is manifest, though these exceptions to the general rule are not so numerous as is sometimes supposed. I have not perceived that in any English cases a different rule in this respect has been applied to commercial paper from that which protects the inviolability of other species of written undertakings. And such, too, is the general bent of the authorities in this country. Nevertheless, no one can look into the American decisions and text books without being painfully oppressed with the idea that very great confusion in the use of principles prevails with regard to this topic; but upon careful examination it will be found that this state of things is for the most part owing to mistake in the application of the law to particular facts, and not to any denial of the cardinal doctrine that these written commercial contracts, like other proofs of the same nature, are not liable to modification by inconsistent, contemporaneous, oral understandings. Occasionally a case can be met with in which it may be thought, and upon very satisfactory grounds, that the written contract has been altered by the extraneous evidence; but upon careful scrutiny it will be ascertained that such evidence has been sanctioned for the reason that in the judgment of the court it is not out of harmony with the agreement, as contained in the instrument. So sometimes cases in which a want of consideration has been permitted to be shown have been regarded as exhibitions of instances of a departure from the rule in question, but it is plain that they do not evidence such a deviation, as the proof of such a defect is always, under ordinary circumstances, admissible, in order to invalidate a simple contract, though reduced to writing. In the same manner fraud and illegality are legitimate defences to suits on all other instruments, as well as, under certain conditions, to those founded on bills or notes. And when the commercial contract intended to be committed to writing has been only partly expressed, then as in other similar cases the residue may be proved by extrinsic evidence. This last rule is pointedly exemplified in that class of cases in which a note has been indorsed in blank by a third party, before the payee has put his name upon it. In the courts of this State such an indorsement is held to carry with it so incomplete and uncertain a meaning as to be, on the principle just referred to, open to the explanation of oral

evidence. This has been ruled and finally decided in the cases of *Crozer* v. *Moore*, Spence 256; *Watkins* v. *Kirkpatrick*, 2 Dutcher 84, and *Chaddock* v. *Vanness*, 6 Vroom 517, and in all these cases the fundamental rule that a written contract, having a complete import, must speak exclusively for itself, was fully admitted. And even in those States in which, under the same conditions, a different result has been reached—and such has been the case in the State of New York and elsewhere—such result has rested on the consideration that this particular kind of indorsement expresses in its own terms, as affected by legal rules, a contract complete and intelligible, and on that account is not variable by the force of foreign testimony. It will be observed that neither of these lines of decision is invasive of the rule under consideration. And it may be further remarked that in no jurisdiction has the rule that oral evidence is inadmissible thus to qualify a written contract, perfect with respect to its signification, been more uniformly and stringently enforced than within this State. The truth of this statement will conclusively appear by a reference to the cases collected in *Stewart's Dig.*, p. 502, pl. 439.

This being the established general rule, the question arises, how is this present offer of parol evidence to be legitimated?

These parties, as has been stated, are accommodation indorsers, and the name of the one stands before the other on the back of this note. The first inquiry therefore is as to the legal effect of that collocation; does it form by settled rules of law an entire and definite understanding between these litigants? If it does, to make the oral agreement admissible, which is here sought to be superinduced, it must rest on some exceptionable ground, as such proof would be plainly excluded by the operation of the general principle above expressed.

In the case of *Johnson* v. *Martinus*, 4 Halst. 144, this precise question was before this court for consideration, and it was then explicitly held that an indorsement in blank does not constitute a complete written contract, and that therefore the understanding that subsisted between indorser and indorsee could be shown *aliunde* in a suit between them. But in the opinion read in the Court of Errors in the before-cited case of *Chaddock* v. *Vanness*, this decision was emphatically disapproved, and as such criticism was not dissented from by any member of the court, so far as I know, it is not to be regarded as an absolute authority. Intrinsically considered, it is difficult to see how it can sustain itself. It is founded on the broad doctrine that the usual blank indorsement on a note is inconclusive with respect to the terms of the contract between indorser and indorsee, and that that contract is subject to all the uncertainties that attend the admissibility of oral testimony. In the case reported by Halsted, the indorser signing the note in blank was allowed to stand, by force of extraneous evidence, in the same position as though he had signed it "without recourse." Such a doctrine is not consistent either with public policy nor with the great current of authority both at home and abroad. Under its prevalence these commercial contracts which are so common, and which in view of the convenience of trade should be so fixed and definite in their terms, would be the loosest contracts in use by men of business. It is not easy to believe that engagements which have been for such a length of time in every-day use, and which embrace interests of such magnitude, have been generally understood to be in such a state of instability. By the act of indorsement the indorser enters into an independent contract with the indorsee, and the law, *proprio vigore*, fixes with absolute certainty the terms of such contract, the promise of the indorser being that the antecedent names upon the paper are genuine; that the paper is due and payable according to its tenor; that the maker or previous indorser will pay it at maturity, if duly called upon and notified, or if they do not, upon due diligence being used, he himself will pay the same. According to the theory adopted in *Johnson* v. *Martinus*, all these terms are but implications of law which may be controverted and superseded by proof of an oral agreement of a different effect; that is, that the indorser, in a suit against him by his immediate indorsee, may show by witnesses that when he made such indorsement the understanding was that he did not guarantee the genuineness of the antecedent signatures, or some of them; that he

did not promise that the note, on due presentment and notice, would be paid according to its tenor, or that he himself was to be exempted from all responsibility. It is, I think, very plain that such a doctrine as this, if it should prevail, would very materially impair the efficiency and value of commercial paper as an instrument of commerce. It would be virtually saying than an indorsee could not rely, with any reasonable confidence, on the security of his immediate indorser, unless all the various stipulations, inherent in the act of indorsement, should be entered in writing *in extenso*, above his name; and yet the probability is that such an entry has never yet appeared on the back of commercial paper. The very great inconvenience and uncertainty attendant on such a doctrine will be more fully appreciated by bearing in mind that it would attach to bills of exchange as well as to notes, so that such instruments, instead of bearing on their face the indubitable evidence of their own meaning, in effect would be subject in some degree, and to an unknown extent, to mutilation by the testimony of witnesses. It seems to me that it is not to be wondered at that the principle on which the case cited from Halstead's reports was decided, has been deprecated by a leading text-writer, and as I understand has been repudiated by our own Court of Errors, in the decision already referred to. 2 Pars. B. & N. 24.

My conclusion on this point, therefore, is that it is a general rule of law that a blank indorsement, as between an indorser and his immediate indorsee, creates a definite contract in writing, as to such parties, which cannot be modified by a contemporaneous oral agreement. This result would seem, upon principle, decisive of the question arising in the present case, yet nevertheless there is another subject which cannot be properly passed in silence, for there are decisions which cannot fail to command much respect, which holds that as between an accommodation indorser and indorsee, the form of the note is not conclusive, and that in that connection parol evidence is admissible. The first of the cases here alluded to is that of *Phillips* v. *Preston*, 5 How. 278, and it is not to be denied that it is exactly to the purpose, for it explicitly declares that an agreement between first and second indorsers, for the accommodation of the maker, to share the loss equally, made at the time of indorsing the note, may be proved by parol. In that case, as in the present one, the first indorser had paid the note, and the suit was by him against the indorsee for contribution, on the ground that such was the oral understanding. I have examined this case with care, and although yielding to it all the deference that of right belongs to so high an authority, have altogether failed to be able to concur in the principles and reasoning on which its conclusion rests. The theory by which the result reached is attempted to be justified is this: That the suit is not upon the contract arising by law out of the act of indorsing, but on what is called the collateral oral arrangement. The rule is plainly admitted that written evidence cannot be altered by parol. To show in what distinct terms this admission is made, and also the rule of decision, the following quotation will suffice. Alluding to the extrinsic testimony, the opinion says: "Were the action on the notes, and this evidence offered to contradict them, it would be entirely different, because in an action on a note, parol testimony is not competent to vary its written terms, and probably not to vary a blank indorsement by the payee from what the law imports. . . . So between contending parties likewise, all prior conversation is supposed, as far as binding, to be embodied in the written contract. . . . But the parol evidence here is not offered in any action on the note, or to alter its terms or its indorsements; nor is any prior or contemporaneous conversation offered to vary the note or its indorsement, in an action founded on either of them. But it is offered to prove a separate contract, which was made by parol, and is of as high a character as the law requires, and this evidence is plenary and entirely satisfactory to substantiate the separate contract." It will be observed that this reasoning admits the fact that the indorsement constituted a definite contract, in writing, between the parties to the litigation, and that if the action was on that written contract the parol evidence would have been inadmissible, and it then asserts that there is what the opinion calls a collateral contract, upon which the suit was based. Now, what seems to me impossible to concede, is that on the

facts stated there existed two legal contracts—an oral one and a written one. How can this be so, when the one is contradictory of the other? The written contract bound this first indorser, with reference to the rights of the indorsee, to pay the whole note; the oral contract bound him to pay only half. Such stipulations relate to the same subject-matter, and they cannot stand together. and the consequence is it must be conclusively presumed that the parties did not intend to establish such inconsistencies. Such a juncture presents nothing but the ordinary case of a conflict between the oral and the written evidence; in that case the former requiring the first indorsee to pay the entire claim, and the latter binding him only to bear a moiety of it. It seems to me that it would despoil the rule, which is prohibitive of parol evidence in such matters, of much of its practical benefit, if the oral engagement, variant from the written one, can lay a separate ground of action. Such a principle would enable a person at his option to sue on the written contract or on a contemporaneous oral contract. The hypothesis on which the rule, which excludes on such occasions contemporaneous oral stipulations, is the peremptory assumption that the parties at the given time, with respect to the same subject matter, entered into but a single agreement. The reported case assumes that the first indorsee, in the same transaction and at the same time, agreed to pay the whole, and at the same time stipulated that he should pay only one-half of the money in question. In my opinion, upon principles thoroughly established, under the circumstances stated, the written indorsement constituted the only legal evidence that could be resorted to.

The other cases in which the doctrine which I have here sought to controvert has been maintained, are those of *Weston* v. *Chamberlain*, 7 Cush. 404, and *Clapp* v. *Rice*, 13 Gray 403; but it is not necessary to notice them further than to say that in neither of them does the subject appear to have been independently considered; the point in question being disposed of in a few words and the only pertinent authority cited being that of *Phillips* v. *Preston*, which is above discussed.

In the case now before the court, as I read the undertaking of the plaintiff, by force of his prior indorsement, he agreed in writing to pay the whole of this money, so far as the defendant is concerned, and he cannot alter that agreement by the oral testimony in question.

In closing it may not be amiss to remark that this case does not present the point above discussed as it is usually presented between two accommodation indorsers. There is another element in this affair, which is the fact that this plaintiff had admittedly become liable to the defendant for this money as indorser on the former note, to take up which the note now in suit was given. As a consideration for his indorsement on the note now in question, he is released by the defendant from his liability on the former one. Inasmuch as this indorsee has taken this indorsement for value, the result is that if an oral engagement, differing from the legal import of the indorsement, may be set up here, so it can in all cases in the ordinary course of business.

LEGAL MISCELLANY.

WHO IS A SHAREHOLDER THAT IS MADE LIABLE FOR DEBTS OF BANK.—While it may be true that a bank organized under the National banking law may not be bound to admit a purchaser of shares of stock in the association to all the rights and liabilities of the prior holder, unless the transfer is made on the books of the bank in the manner prescribed by the by-laws or articles of association, but where it *does* issue certificates of shares to a subsequent purchaser or lien in lieu of the certificates of the prior owner, without observing its by-laws, so far as creditors of the bank are concerned, a party taking and holding such shares of stock will be subject to the liabilities imposed by Section 5151 of the National banking law. *Laing* v. *Burley*. Sup. Court of Illinois, Nov., 1881.

AGENT TO COLLECT RENTS NO AUTHORITY TO INDORSE CHECK PAYABLE TO ORDER OF PRINCIPAL RECEIVED FOR RENT—TRUST—CHECK FOR TRUST MONEYS TO ORDER OF TRUSTEE.—Cruger and Beare were trustees having control of trust real estate and the renting thereof. The firm of Muller & Co. were tenants of such real estate and owed rent therefor. Beare was the acting trustee, having the exclusive management of the trust estate. He employed as his clerk and agent for the collection of rents, and other matters, one Leonard. On the 16th of November such clerk, acting as such agent, called on the firm for the rent, and they gave him a check for the amount on the Manhattan Co., payable to the order of Beare. Leonard indorsed the check thus: "Pay to the order H. K. Leonard. Thomas M. Beare, per H. K. Leonard, attorney for defendant Chemical National Bank, H. K. Leonard." On the 24th day of November Leonard deposited the check in the Chemical National Bank, and it certified thereon that the indorsement was correct and collected the amount thereof of the Manhattan Co. and placed it to the individual credit of Leonard, who subsequently checked out the same for his own use. Beare died on the same 24th day of November. In an action by the trustee of the trust estate succeeding Cruger and Beare, against the Chemical National Bank for the amount received on the check, *held*, that the action was maintainable. Leonard had no authority to indorse or use the check or its proceeds, and the defendant bank had no right or authority, as against Beare or the trustees, to take, collect or appropriate the proceeds of the check. The authority which Leonard had as agent to collect the rents and transact other business for Beare, gave him no legal authority to indorse this check, and his indorsement thereof was just as ineffectual to pass any title as if he had forged Beare's name. 1 *Pars. Cont.* (6th ed.) 62; *Hogg* v. *Snaith*, 1 Taunt. 347; *Graham* v. *United States Sav. Inst.*, 46 Mo. 186; *Holtsinger* v. *National Corn Exch. Bk.*, 6 Abb. Pr. (N. S.) 292; *Thompson* v. *Bank of Br. N. Am.*, 82 N. Y. 1. Although this check was made payable to the order of Beare it in fact belonged to the trustees. It was a part of the trust estate. The drawees, if chargeable upon non-payment of the check, could have been sued thereon in the name of both trustees and plaintiffs, as the successors to those trustees have sufficient title for the maintenance of this action. *Talbot* v. *Bank of Rochester*, 1 Hill, 295; *Johnson* v. *First Nat. Bk. of Hoboken*, 6 Hun. 124; *Boyce* v. *Rockway*, 31 N. Y. 490. Judgment affirmed. *Robinson* v. *Chemical National Bank.* N. Y. Court of Appeals, Oct., 1881.

CORPORATIONS—OVERDRAWN CHECKS.—Where a mining company, by its charter, had power to raise money for use in its corporate business, and the indebtedness thus created be evidenced by the checks of its president and secretary, the presumption will be indulged, that these officers had power to make an overdraft, and that in making it, not only that they did not exceed their authority, but that the moneys thus obtained were paid over to or received by the company. *The Mahoney Mining Co.* v *The Anglo-California Bank.* Sup. Court of U. S., Oct., 1881.

ACCEPTANCE OF BILL—OBLIGATION OF ACCEPTOR.—A party accepting a commercial draft or bill of exchange guarantees the right of the drawer to execute it, and the genuineness of the signature. In innocent hands, this guaranty extends to the question of an agent's authority where the draft is drawn by procuration. It does not, however, operate to protect the person who orignally reiceives the paper and is so chargeable with the obligation of making due inquiry. *Agnel* v. *Ellis*, 1 McGloin.

WHAT PROMISE WILL TAKE CASE OUT OF THE LIMITATIONS OF STATUTE.—A debtor whose debt was barred by the statute of limitations, said to his creditor with regard to it, "I will pay it as soon as possible." *Held*, to be a sufficient acknowledgment of the debt to take it out of the statute. *Norton* v. *Shepard*, 48 Conn.

As a general rule any language of the debtor to the creditor clearly admitting the debt, and showing an intention to pay it, will be considered an implied promise to pay and will take the case out of the statute. *Id.*

BOOK NOTICES.

The Common Sense, the Mathematics, and the Metaphysics of Money. By J. B. HOWE. Boston: Houghton, Mifflin & Co.

This is a somewhat difficult book to describe in the brief space that we can give to it. The author states that it is a compendium of the science of money as set forth in his *Political Economy of Great Britain, the United States, and France in the use of Money*, and his *Monetary and Industrial Fallacies*, which were published in 1878, and also his *Mono-metallism and Bimetallism*, which appeared the subsequent year. In these works he sought to prove "the falsity of the prevailing theory of money," and the truth of the one he himself put forth.

Beside the introduction, which occupies fifty-eight pages, the book is composed of three chapters, entitled "The Common Sense of Money," "The Mathematics of Money," and "The Metaphysical or Intellectual Base of the Mathematical Development of Money." The reader will not go far before he is convinced that the author has really something important to tell him, and from beginning to end the work evinces close reasoning—the product of long and patient thinking. Many facts are given, but simply as illustrations of truths which the author is seeking to convey; the work is essentially an elaborate argument, but one worthy of study.

What will strike many a reader rather unpleasantly is the use of new terms, or old words in new ways, but these things the author declares to have been unavoidable. One of the words thus employed is geometrical. Many changes are rung thereon. "Geometrical tangible fact," "geometrical fall," "geometrical rise," "geometrical market," "geometrical barter," "geometrical commodity totals, and not intellectual commodity totals," these are a few examples.

As presenting the best idea we can to our readers of an important feature of the work we shall quote the author's definition of money.

"It is a process, a problem, a series, the member of an equation, the member of a proportion, a divisor, a series of paper units used as tokens, each having conventionally geometrical value in commodities, inverse to the arithmetical value of the whole series; a series of gold units of geometrically apportioned weight and construction, each having geometrical value in the same inverse proportion; a series of silver units having like apportionment, construction, and value; a series, bimetallic, the units of which are interchangeable at par, while the units of each metal have like geometrical apportionment, construction, and value; a series, mono-metallic or bi-metallic, with *unbodied* units also in it, having the same value with, or a greater or less value than, the metallic unit of the mono-metallic or bi-metallic series, written on paper or on bank books with metallic or paper units *enough* behind the series to answer every call of buyers, whether those metallic or paper units are *actually handled or not*."

This the author calls "mathematico-metaphysical theory of money." It is doubtless original; but its highly-abstract nature will, we fear, deter persons from attempting fully to comprehend it and thus satisfying themselves whether it be true or false.

The National Loans of the United States from July 4, 1776, *to June* 30, 1880. By RAFAEL A. BAYLEY. Prepared for the Tenth Census of the United States. Washington: Government Printing Office.

This is a very meritorious publication. It consists of two parts. The first part is a history of all the National loans from the beginning to the issue of silver certificates in 1878; the second is an account of the issues and redemptions from the same starting point to 1880. The work is in quarto form, each part covering nearly the same number of pages. Within this space a vast deal of valuable information is admirably condensed; and for the first time this important chapter of our National history has been put into a comprehensible and interesting form. Very many of the facts here given could be found only in the books of the Treasury Department, and Mr. Bayley has rendered a valuable service to his country in putting them together in such a methodical and readable manner.

We can assure our readers that the author is a careful and trustworthy workman, who has taken a genuine and enthusiastic interest in his work. It has cost much time and unwearied patience, for which Mr. Bayley has not received any adequate compensation, unless it be the satisfaction that comes from the faithful execution of a highly-useful enterprise. The work constitutes a part of the forthcoming census, and thus furnishes another proof to those already given of its great value.

The Mind of Mencius, or Political Economy founded upon Moral Philosophy. By the Rev. E. FABER. Translated from the German by the Rev. A. B. HUTCHINSON. Boston: Houghton, Mifflin & Co.

The political economy of Mencius, though very much older than that of Adam Smith, is, after all, in many respects quite as valuable. He sought to show that every one should acquire those traits of character which constitute a holy man, whom he describes. The four principal traits are: benevolence, righteousness, propriety, and intelligence. These are the most essential in a perfect state of society. It will be seen that the difference between this code of ethics and our doctrines of political economy is fundamental. The difference may be further noted in another way. Malthus affirmed that man tended to increase far beyond his power to provide properly for his offspring, but the Chinese philosopher held that man was essentially good, possessing a heart sensible of sympathy, shame, tenderness, and moved by conscience. He deprecated war, maintained that the government and the laws were for the welfare of the people, and individual economy was strictly inculcated. Mr. Faber has set theteachings of Mencius in a light, running commentary of his own, the result being a most interesting volume for the arm chair, as well as a mere occasional work of reference for the book shelves. The English reader may now find out for himself, with a minimum of effort, what Mencius actually thought and taught on many topics which are even now, and likely to remain, under the public gaze. The obligations between the people and their rulers, National

education, commerce, taxes, war, social relations, the virtues, destiny, belief in a Supreme Being—these are a few of the momentous questions treated by the sage who was admittedly second only to Confucius.

American Almanac and Treasury of Facts, Statistical, Financial, and Political, for the year 1882. Edited by AINSWORTH R. SPOFFORD, Librarian of Congress. New York and Washington: The American News Co. 1882.

The present number is the fifth of this valuable publication, and contains a great variety of information relating to American agriculture, manufactures, mining, shipping, railroads, telegraphs, banks, revenue, expenditure, taxation, prices, tariff, imports, and exports, and other matters. It also contains an official directory of Congress and the executive and judicial officers of the Government, beside giving a view of the condition of each State in the Union, its officers, etc. Some facts, too, are added pertaining to foreign nations, beside the more noteworthy events and deaths of the year. The name of the editor is a sufficient guaranty for the accuracy of the information therein contained. The only defect is the poor dress in which the work appears. The publishers ought certainly to use better paper and type.

The General Corporation Law of Pennsylvania, Approved 29 *April,* 1874, *and Supplementary Acts, with Notes, Forms, and Index.* By ANGELO T. FREEDLEY, of the Philadelphia Bar. Philadelphia: T. & J. W. Johnson & Co. 1882.

This work, as the title indicates, is of a local nature. It supplies a real want, however, and will therefore prove useful. All the statutes are given and explanations added when these were necessary, and also references to all the cases interpreting them, or throwing light thereon The work appears to have been faithfully done, and will doubtless save the time of many an one desiring information on subjects the author has considered.

Hubbard's Newspaper and Bank Directory of the World. Edited and published by H. P. HUBBARD. New Haven, Conn.: 1882.

This work comprises two large octavo volumes of more than twelve hundred pages each, and contains the name and description of over thirty-three thousand newspapers and fifteen thousand banks throughout the world, embracing substantially all the newspapers, magazines, and quarterlies published upon every continent, in every empire, kingdom, nation, province, and island, together with the names and locations of the leading responsible banks and banking institutions of every country upon the earth, with maps and gazetteer information of all the nations of the world, with especially full descriptions of the several States of the United States of America. The work is, indeed, both unique and comprehensive, and will doubtless prove valuable to those for whom it is especially intended.

National Regulation of Inter-State Commerce. By C. C. BONNEY. Chicago: The Chicago Legal News Co. 1882.

Bank Agents; Their Duties and Responsibilities. By SENEX. Edinburgh: Berrill & Co.

A very useful little manual for Great Britain; such a work is needed in the United States. We shall use some extracts from it in a future number.

INQUIRIES OF CORRESPONDENTS.

Addressed to the Editor of the Banker's Magazine.

I. Responsibility of Bank for Collaterals.

A leaves with a bank a five-hundred-dollar bond as collateral for a loan. The loan is paid when it becomes due, and about a month afterward the bond is demanded and cannot be found. Is the bank liable for the loss of the bond, or for the expense of advertising for the loss?

Reply.—The rule applicable to such a case is that a bank is bound to take only ordinary care of bonds pledged to it as collateral security for the payment of a note discounted by it. *Jenkins* v. *Nat'l Village Bank of Bowdoinham*, 28 Me. 275. In this case it was also held that a writing executed by the cashier, acknowledging the receipt by the bank of certain United States bonds from the maker of a note discounted by the bank, "to be returned to him on the payment of his note in four months," was not a contract which increased the common-law liability of the bank, even if the cashier had the authority to do so. The court in this case cited Chancellor Kent, who says that "in general, the law requires nothing extraordinary of the pawnee but only that he shall take ordinary care of the goods; and if they should happen to be lost, he may, notwithstanding, resort to the pawner for his debt."

Whether the bank has exercised ordinary care in keeping the bond is a question of fact, which, of course, we cannot answer. If it has, then it is not liable for the loss; if it has not, the bank is liable.

II. Acceptance of Draft by Mistake.

A drawee accepted a draft supposing that he had ample funds belonging to the drawer to pay it. He afterwards discovered that he had not. He immediately revoked his acceptance before the bill had been delivered to the holder. Is an acceptance in such a case revocable?

Reply.—We remarked in reply to question IX in our last number, p. 714, that when a bill was once accepted and issued the acceptance was irrevocable. No rule of law is better settled than this. But if the bill has not been delivered to the holder, the drawee, although he has written his acceptance thereon, may change his mind, and cancel it before re-delivery of the bill to the holder. *Cox* v. *Troy*, 5 B. and Ad. 474; 1 *Daniel on Neg. Inst.* § 493.

But after the acceptance has been communicated to the holder, the drawee cannot then revoke his acceptance, even with the consent of the holder, because the drawer and indorsers have acquired an interest in the acceptance. 1 *Daniel on Neg. Inst.* § 493.

In the case of the *Irving Bank* v. *Wetherald*, 36 N. Y. 335, it was held that where a bank certified a check to be good by mistake, under the erroneous impression that the drawer had funds on deposit, when, in fact, he had none, the certification might be revoked and annulled, no circumstances occur-

ring which would prejudice or injure any one by doing so. But if another person had become the holder of the check, or circumstances had so changed that the rights of the holder would have been prejudiced by the revocation, the bank would have been estopped from making it. *Bank of the Republic* v. *Baxter*, 31 Vt. 101.

That these views may not appear to be inharmonious with those expressed in reply to the question mentioned in the last number, it may be added that we suppose the draft in that case was held by the bank as agent for the payee. The acceptance, therefore, was just as binding as though delivery had been immediately made to the payee himself. 1 *Dan. on Neg. Inst.* § 63.

III. Payment of Check on Forged Indorsement.

A sells merchandise to B, under the name of John D. Smith, and receives an ordinary check made payable to that person. He presents the check at the bank on which it is drawn, after endorsing it by that name, receives the money specified therein, goes away, and is not heard of afterward.

Is the bank liable for this loss?

Reply.—"Where a check," says Morse, "is drawn payable to the order of any actually existing person or corporation, if the order or indorsement of such payee is forged, payment by the bank is no acquittance. The depositor has directed payment to be made in a certain manner; a payment made otherwise than according to his directions is no discharge of the bank's obligations towards him. Neither has the holder, under a forged indorsement, any title to the paper, or any right to receive payment upon it." *Banks and Banking*, p. 350, 2d ed., and cases there cited. The leading case in this country is that of *Graves* v. *American Exchange Bank*, 17 N. Y. 205, which fully sustains the rule above given. This case has been somewhat criticised by Morse as laying down too severe a rule, but he admits that "it is the only adjudicated law in the premises, except a remark made in an old case in New Hampshire. The English law is similar to our own. *Mead* v. *Young*, 4 Term R. 28.

It may be said that the bank cannot be expected to know the signature of any random member of the community in whose favor a depositor may have occasion to draw a check payable to order. This is true enough, but on the other hand the bank has the right to assure itself of the genuineness of the order of such a check before making payment. It may require the holder to bring satisfactory evidence on the point before paying him. *Morse*, ibid, p. 352. Under the rule, therefore, thus established, it would seem that the bank in question should pay this check to John D. Smith whenever he presents it for payment. Of course he must get it first before he can demand payment of the bank. Ibid. p. 538.

IV. Effect of Indorsement of Check.

A issues a check on a banking house B, payable to C or bearer. The latter gets the check cashed by another bank, he indorsing the same in blank. That bank sends the check to a banking house D, for credit, indorsing the same to D or order. D presents the check to drawer B, and demands payment, which is refused unless D will indorse it, who objects on the ground that the drawer A had made the check payable to bearer.

Is D's indorsement legally required?

REPLY.—In *Smith* v. *Clarke*, Peake's R. 295, it was decided that when the payee of a bill of exchange has made an indorsement in blank thereon, no subsequent indorser can restrain its negotiability by a special indorsement. This principle is regarded as good law by the best law writers. 1 *Dan. on Neg. Insts.* § 696; 2 *Parsons on Notes and Bills*, p. 26, 2d ed; see also *Hoyt* v. *Seeley*, 18 Conn. 353. The check in question was made payable to bearer. A's obligations were not affected by the subsequent negotiation of the check, nor were those of B on whom A drew it. It was the duty of B to pay it to the person who presented it for payment. No indorsement is needed to protect B. The drawer of the check has told B what to do, and the latter will be protected if he follows A's directions. See *Morse on Banks and Banking*, pp. 305, *et seq*. 368, 2d ed.

V. Payment of Check by Bank without Indorsement

A check payable to order having several indorsements is received through the mail from the bank in another city, or is presented by the messenger of a bank existing in the same place as that of the payee. Can not the drawee require an indorsement of the check as a receipt for the same and a guarantee of the preceding indorsement before paying the check?

REPLY.—The person from whom we have received the above inquiry writes; "I cannot see how the payee can safely pay checks with several indorsements on them without having the party to whom they pay cash on the check indorse it as a guaranty of the sufficiency of the preceding indorsements?"

The contrariety of opinion existing on this subject has arisen from confounding the position of a bank with that of an ordinary drawee of a bill of exchange. In the latter case, when the bill is presented for acceptance, he may accept or not, as he pleases, and some of the cases say that a bank may do the same thing in respect to a check. But this certainly is neither the true rule, nor a wise one for the banks to follow. Morse states the duty of a bank very differently: "The bank is under the obligation of honoring the customer's drafts and checks whenever the same are presented for payment, provided that at the time of such presentment the balance of the account, if then struck, would show a credit in favor of the customer of funds, on which the bank has no lien, sufficient to meet the sum called for by the check or draft. The contract so to honor the depositor's orders is implied from the usual course of businesss The deposit is made with the tacit understanding that the bank shall respond to the depositor's orders, so long as there is sufficient balance to his credit." *Banks and Banking*, p. 35.

Consequently, if the depositor makes a check payable to "A B or order," and A B himself presents it at the bank for payment, the strict construction of the phraseology of the check would entitle him to receive his money without indorsing. Yet it is customary to request A B to indorse." *Ibid*, p. 306.

This is undoubtedly the law and the general practice on the subject. It may be added, however, that such indorsements are intended to operate simply as receipts or acknowledgments for the money, having no other effect, and not intended to have. Yet we apprehend that in most cases where the holders of checks have presented them for payment and been asked to indorse the same, and have refused, their refusal has been grounded in the fear that they would

become responsible for the amount specified, which they did not wish to do. If the nature of the act were better understood, unwillingness to perform it would doubtless be less frequent.

VI.

A demand draft on John Smith is presented to him and accepted payable at his bank. Instead of being immediately presented at the bank for certification, it is held and sent through the exchanges next morning, when payment is refused. Will a protest then be sufficient to hold the indorsers, or ought it to have been protested on the day of acceptance?

REPLY.—Daniel says: "In respect to the drawer of a bill and the indorser of a bill or note, it is essential to the fixing of their liability that the presentment should be made on the day of maturity, provided it is within the power of the holder to make it . . . And if it be made after the day of maturity, it can, as matter of course, be of no effect, as the drawer or indorser will already have been discharged, unless there were sufficient legal excuse for the delay. *Neg. Insts.* § 598, A. 327.

It is very clear, therefore, that the draft should have been presented for payment when it was due, unless there was an excuse for delay, and none is given. Our correspondent adds, "that paper is sometimes accepted too late for presentment at the bank the same day," but it does not appear that such an acceptance happened in this case.

We may add that even had the draft been presented and certified, the law would not have been fully executed. An agent, holding an instrument for payment can take nothing but money. Such is the language of the law. See *Dan. on Neg. Inst.* § 1245. Certified checks and other instruments are not payment.

VII. LIABILITY OF BANK FOR MISCONDUCT OF DIRECTORS.

D is a large stockholder of a bank, and also its cashier. He issues to himself a demand certificate of deposit bearing eight per cent. interest, contrary to the rule of the bank, which prescribes that no interest shall be paid on deposits. D gives his check for $10,000 in payment of bonds belonging to the bank that were worth more than that sum in the market. He subsequently buys a majority of the stock, and then sells out his entire interest in the bank. All of these transactions take place without the knowledge or consent of the board of directors. Can the bank recover of D? Did the obtaining by D subsequently of a large majority of the stock prevent the stockholders afterward from claiming anything of him?

REPLY.—The principle will not be denied that a cashier is liable to the bank in an action of damages to make good any injury arising from his fraudulent or wrongful acts of an official nature, from his unauthorized assumption of power, or from his breach of the directions imposed on him to govern his conduct in his agency. *Morse on Banks and Banking*, p. 192, 2d ed.

Neither will it be questioned that the cashier had no authority to issue the certificate of deposit to himself or to sell the bonds. The directors could have authorized him to do these things, but in the absence of express authority from them his action was illegal. It is true that he made entries of these transactions on the books, so our correspondent says, and if the directors had examined them they would have found out immediately what he had done. By neglecting to do this it is claimed that they ratified his acts. But they are

not required to examine "all the acts called for by the daily routine of the business of the bank." Their duty "extends to such matters only as are usually and conveniently allotted to the charge of directors in the banking business. Some such acts they must perform; others they may perform. But the obligation is measured by an uniform usage prevailing among banks universally." *Morse,* ibid. page 107.

It is not claimed that the directors had actual knowledge of these things, and remained silent afterward. As soon as they found out what the cashier had done, they disavowed his acts. The most that can be claimed, therefore, is that they had constructive knowledge. But such knowledge is insufficient to establish a ratification. Nor do we think that it can be said they had constructive knowledge even, for they were not required by law to examine the books, although they might have done so if they wished. We do not see, therefore, why the cashier should not be held liable to the bank for the loss it has sustained in consequence of doing what he had no authority originally to do, and which was not subsequently conferred, either expressly or by ratification.

VIII. Constitutionality of Bank Taxation.

A correspondent writes relative to question X in the last number, "Does not the provision of the Constitution clearly mean that taxation shall be uniform, not on all articles, but in all the States, so that while different things may be subject to different rates of taxation, the same rate shall exist in every State upon any one article?" Unquestionably. Story says in discussing this provision of the Constitution: "It was to cut off all undue preferences of one State over another, in the regulation of subjects affecting their common interests. Unless duties, imposts, and excises were uniform, the grossest and most oppressive inequalities, vitally affecting the pursuits and employments of the people of the different States might exist. The agriculture, commerce, or manufactures of one State might be built up on the ruins of those of another; and a combination of a few States in Congress might secure a monopoly of certain branches of trade and business to themselves, to the injury, if not to the destruction, of their less-favored neighbors." *Com. on the Const.* § 957.

IX.

Is it necessary for a certificate of deposit to be stamped?

Reply.—Yes. If not exceeding one hundred dollars, two cents; if more than that amount, five cents.

Personal.—Among our numerous banking acquaintances there is no one more worthily entitled to a long holiday than C. B. Patten, Cashier of the State National Bank, Boston, who has been engaged in the business of banking for thirty-three years. With his family he is very soon to enjoy a three month's vacation amid the wonders of the Old World. When he returns it is to be hoped that the instructive and interesting lectures which he recently gave on banking will be put in a proper form for publication.

BANKING AND FINANCIAL ITEMS.

New Calls for Bonds.—The Secretary of the Treasury issued on March 14th three calls for bonds—continued sixes—to the amount of $15,000,000, payable in parcels of $5,000,000 each on May 3d, 10th and 17th respectively. The following bonds are included in the 119th call:

$50, No. 2151 to No. 2200; $100, No. 14,701 to No. 15,300; $500, No. 10,701 to No. 10,900; $1,000, No. 51,601 to No. 52,300; $5,000, No. 16,851 to No. 16,950: $10,000, Nos. 34,951 to No. 35,500.

The 110th call includes the following: $50, No. 2,201 to No. 2230; $100, No. 15,301 to No. 15,500; $500, No. 10,901 to No. 11,000; $1000, No. 52,301 to No. 53,050; $5000, No. 16,951 to No. 17,050; $10,000, No. 35,501 to No. 36,100.

The following bonds are included in the 111th call: $50, No. 2231 to No. 2250; $100, No. 15,501 to No. 15,700; $500, No. 11,001 to No. 11,100; $1000, No. 53,051 to No. 53,500; $5000, No. 17,051 to No. 17,100; $10,000, No. 36,101 to No. 36,670.

Defalcation.—The officers of the Fourth National Bank, at Pine and Nassau Streets, while looking over its accounts on the afternoon of the 10th of March, discovered that some of its negotiable securities were missing. The clerk who had charge of the call-loans department, and in whose keeping the securities had been intrusted, had gone to his home in Plainfield, N. J., that very day, ill. On Monday cashier Lane went out to Plainfield and called upon the clerk, whose name is R. H. Cornwell. He is sixty-five years of age, and is the father of eight children. To the great surprise of the cashier Mr. Cornwell informed him that he had "appropriated" about $70,000 of the securities, which he had hypothecated. Together with this he informed the cashier that, by representing on his books that certain people owed the bank money who really did not, he had managed to appropriate other bonds and securities. The officers of the bank notified Comptroller of the Currency Knox of the defalcation. Cornwell, however, was too ill to be arrested. He had notified the bank where the securities were hypothecated, and to obtain possession of them cost the bank an outlay of $40,000, which is their total loss.

Tax Decision—In the case of R. H. Thurman, Cashier of the First National Bank, against the General Assessors of the City of Troy, the Court of Appeals has decided in favor of the plaintiff. The case involved the question whether, when an applicant for reduction of assessment appears before the General Assessors, and is sworn as to his debts and seeks to have those debts allowed as an offset to taxable property, the Assessors have a right to refuse to believe his evidence, if uncontradicted, and decline to make the offset. In 1880 Cashier Thurman was assessed on bank stock $1500, and he stated under oath that he owed $25,000 to the First National Bank of New York for the purchase of Government bonds, non-taxable property, for which his note was given, and he asked that the debt be made an offset against the personal property on which he was assessed. The Assessors claimed that the debt was created to evade taxation, and when Mr. Thurman testified to the contrary, claimed the right to disregard his uncontradicted evidence. Judge Westbrook, in the Supreme Court, decided in the plaintiff's favor, as did also the General Term.

Profits of the Post Office in France.—The post office netted the Government during the last fiscal year nearly $8,000,000. If the area of the United States was no larger than that of France (which is less than that of Texas), and if the agricultural population of the United States were as easily satisfied with a mail service as that of France, no doubt our post-office service would net Uncle Sam a handsome sum yearly.

THE AMERICAN EXCHANGE IN EUROPE.—At the Annual General Meeting of Stockholders, held at the Offices of the Company, 102 Broadway, New York, Monday, March 27, the audited accounts of the Directors to December 31st, 1881, were submitted, and the interim dividend for the half year at six per cent. per annum confirmed. The retiring Directors were re-elected, the Constitution of the Board remaining as before, viz.:—James G. Batterson, P. A. Chadbourne, Charles P. Chouteau, Sylvester T. Everett. Henry F. Gillig, of London, England; Joseph R. Hawley, Henry S. Hyde, L. M. Lawson, Cyrus H. McCormick, George H. Stayner. The action of the Board in taking larger premises for the New York office, in the handsome new Guernsey Building, 162 Broadway, was cordially approved, and it was announced the new office will be ready to open for business on Monday, April 3d. At a subsequent meeting of the Directors, Senator Joseph R. Hawley was re-elected President of the Company, and as Vice Presidents, L. M. Lawson, H. S. Hyde, and Henry F. Gillig.

NORTHAMPTON BANK ROBBERY.—Judge Shipman, of the United States Circuit Court, handed down, February 28th, a decision in an action brought by Fannie D. Wylie against Postmaster Pearson. The facts in the case are as follows: On March 24th, 1881, a person representing herself to be E. R. McLean, of No. 220 Broadway, deposited in the New York City Post Office four bonds, of the value of $4400, for transmission by mail, in a registered letter, directed to J. Guy, at a specified street and number in London, England. These bonds were then, and ever since have been, the property of the plaintiff, but on investigation, they were found to have been among those stolen by burglars from the Northampton National Bank, to which plaintiff had intrusted them for safe keeping. The envelope containing the bonds was sent by mail in due course to London. Guy was not found. The package was returned to the Dead-letter Office in Washington, with the words "Gone away" indorsed on the envelope as the reason for non-delivery. The package was then opened, and both bonds and envelope returned to Postmaster Pearson. McLean could not be found, as the address was fictitious. The Post-Office Department was informed of this in reply to a letter dated July 25, 1881, and on July 27, 1881, Postmaster Pearson received instructions, accompanied with the bonds, from the department at Washington to detain the letter containing the bonds, subject to such legal action as might be taken by the Northampton Bank for their recovery. The bonds were subsequently replevined in the present suit, by which the plaintiff, Wylie, obtained possession of them. Judge Shipmann ordered that the plaintiff keep the bonds, and also that he be awarded six cents damages.

THE GERMANIA SAVINGS BANK.—The Germania Savings Bank of Charleston having just moved into its new banking house, the *Charleston News and Courier* gives the following account of the institution: It was chartered in 1874, and commenced business at 54 Broad Street, on the 1st of October of that year. The officers at the commencement of the year were Jacob Small, president; Charles Litschgi, cashier, and the following board of directors: Wm. Knobeloch, Jr., O. F. Wieters, H. Klatte, D. Werner, John Klinck, Jacob Cruse, G. J. Luhn, J. Steiber, C. F. Hencken, J. Rugheimer, A. F. C. Cramer, C. Plenge. The only change that has ever been made was the election of Mr. C. Wulbern to fill the vacancy caused by the death of one of the directors, Mr. C. Plenge, so that whatever degree of success has been attained is due entirely to the present officers.

The authorized capital of the bank was $500,000, but of this amount but $40,000 was paid up, the managers of the new enterprise wisely determining to work only upon such a capital as they could afford to pay taxes upon. The shares were placed at $250 each, and 160 of these were at once taken by Charleston subscribers. It is a singular fact that not a single share of the stock has ever been offered for sale on the market. The new bank then started with a capital stock of $40,000, and on the 1st of January, 1875, their deposit account amounted to $28,738, upon which they were paying an interest of 6 per cent. This was subsequently reduced to 5 per cent., and, as money became easier, to 4 per cent. on sums of over $1000, the present rate being 5 per cent. for sums under $1000, and 4 per cent. for deposits of over $1000. During

the eight years that the bank has been doing business the stockholders have been paid regularly 8 per cent. per annum dividend on their stock. an aggregate of $25,600 in eight years upon a capital of $40,000.

The bank is indeed one of the most popular institutions of the kind in the South, its depositors numbering over four thousand, and its deposits exceeding $1,000,000.

FINANCIAL CONDITION OF NORTH CAROLINA.—The entire amount of public money raised for general purposes the last fiscal year was about $345,000, of which $203,297.38 was raised by general taxation, and the remainder from the license fees obtained from insurance companies, merchants, railroads, sewing-machines and bank stock Three-fourths of the liquor tax, amounting to $16,987.64, also goes to the public fund, and the income tax netted $2256. The fees from the Secretary of State amounted to $6,694.76. For the Asylum and Penitentiary $91,134 each was raised. The Fertilizer Tax for the Agricultural Department was $29,500. The Western North Carolina Railroad Company paid into the treasury $59,500 under their contract to pay interest on the bonds of the road, and this amount was paid out for that purpose. The amount received for the hire of convicts up to November 30, 1881, was $79,483.19. The chief items of disbursement were: Interest on debt $86,653, General Assembly $56,259, Judiciary $37,920, Public Printing $12,763, Treasury Department $5250, State Department $3809, Auditor's Department $2858, Executive $4673, Contingencies $21,215. The expenses of the Government, leaving out the Agricultural Department, the Asylums and the Penitentiary, were about $275,000, and leaving out interest were less than $190,000. The Morganton Asylum drew $30.000, the Goldsboro (colored) Asylum $15,599.19. The Penitentiary cost $62,000. The running expenses of the State Government were less than $190,000.

LIFE INSURANCE.—According to the thirty-seventh annual statement of the Mutual Benefit Life Insurance Company, of Newark, N. J., their assets on January 1, 1882, amounted to $34,072,099. The surplus, at four per cent., is $2,963,071, and at the New York standard, of four and a-half per cent., $5,158,196. The officers are: Amzi Dodd, President; James B. Pearson, Vice-president. L. J. Spencer Goble being agent for the State of New York.

BANK OF HALIFAX.—The fiftieth annual meeting of the Bank of Nova Scotia was held in Halifax on the fifteenth of March. A resolution was passed authorizing the directors to double the capital. This has in view the amalgamation of some of the smaller banks with the Bank of Nova Scotia, should such policy be found feasible.

BI-METALLIC MEETING IN LONDON.—At the bi-metallic meeting held at the Mansion House, March 8th, the Governor of the Bank of England and Messrs. Arthur J. Balfour, Williamson, and Cotton, and Sir George Campbell, members of Parliament, addressed the meeting on the following resolutions which were carried: "1. That the contraction of the metallic basis of the world's currency, by the exclusion of silver from its natural functions as domestic and international money, is to be deprecated, as likely to render disturbances in the buying power of gold. 2. That it is of paramount importance to England that silver should constitute a part of the standard of value of civilized nations, seeing that the greater portion of her trade is with silver-using countries. 3. That the commercial interests of England can not be separated from those of the world, and that, therefore, an international agreement in Paris is most desirable, and deserves the support of Her Majesty's Government." About 1200 persons were present, including many prominent business men. The *Times* deprecated the bi-metallist meeting as calculated to foster a delusion abroad that England intended to tamper with the currency.

MINING SPECULATION.—The hazards of mining speculation find a striking illustration in the fact that the principal mines of the Comstock lode, the market value of which in January, 1875, was $271,000,000, ranged during 1881 from $5,000,000 to $19,000,000. Mining speculation is not all "boom," a good deal of it is collapse.

OBITUARY.

MR. PHILO C. CALHOUN, President of the Fourth National Bank, who was seventy-three years old at the time of his death, was born in Bridgeport, Connecticut, where he received a good common-school education, and then started in business for himself, while still quite young. He was successful in his first venture, and afterward become a member of the saddlery and harness firm of Hoover, Calhoun & Co. Mr. Calhoun managed the Southern branch of this firm at Charleston for about fifteen years, after which he came to this city. When the Fourth National Bank was organized in 1863 he was elected its first Vice-President, and within a short time was elevated to the more responsible office, which he held at the time of his death. For a number of years he served on the Clearing-House Committee of the Associated Banks.

EX-SENATOR MILTON S. LATHAM, President of the New York Mining and Stock Exchange, was born in Columbus, Ohio, May 23, 1827, and was graduated from Jefferson College, Pennsylvania, in 1845. He removed soon afterward to Alabama, where he studied law. In 1848 he was appointed clerk of the Circuit Court for Russell County, Alabama, but resigned this position soon afterward, and in 1850 settled in Sacramento, Cal., and began practising law. Shortly after his advent in California he received the appointment of clerk of the Recorder's Court in San Francisco, and toward the close of 1851 was chosen District Attorney for Sacramento and El Dorado counties. In the following year he was elected a Representative from California to the Thirty-seventh Congress, and declined a re-election in 1854. In 1855 he was appointed by President Pierce Collector of the Port of San Francisco. He was elected Governor of California in 1859, and in January, 1860, three days after his inauguration, was elected United States Senator from California. He served one term, and after its expiration engaged in extensive business enterprises on the Pacific slope. He was for several years Manager of the London and San Francisco Bank in San Francisco. He resigned in 1878 and came to New York, and was shortly afterward elected President of the New York Mining and Stock Exchange.

WILLIAM H. MILLER, President of the Mercantile Safe Deposit Company, was born in New York City in 1828, and was, consequently, fifty-four years of age at the time of his death. Mr. Miller's childhood was spent in White Plains, where his ancestors had lived for three generations. He returned to this city while still a young man and went into business. He became Superintendent of the Mercantile Safe Deposit Company upon its organization twelve years ago, and was soon afterward elected President, which position he held at his death. He was an energetic man of business, and his death is thought to be largely due to overwork

HON. JOHN S. NEWMAN, one of the oldest citizens of Indiana, was born in Montgomery County, O., April 10, 1807. In 1807 he came to Indiana. He removed in January, 1827, to Centerville, where he studied law and was admitted to the bar, remaining in practice until 1860. He was a member of the Constitutional Convention chosen in 1850, and in 1851 became President of the Indiana Central Railroad Company, and ever thereafter took a warm interest in the Railroad development in the State. Mr. Newman came to Indianapolis in 1860, and after retiring from railroad business was for several years President of the Merchants' National Bank. He was a citizen very highly esteemed.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from March No., page 721.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
ARIZ...	Tucson........	First National Bank.......	Chemical National Bank.
	$100,000	P. R. Tully, *Pr.*	B. M. Jacobs, *Cas.*
COL....	Durango......	First National Bank.......	....
	$50,000	Job A. Cooper, *Pr.*	George W. Brown, *Cas.*
CONN ..	South Norwalk.	City National Bank.......	....
	$100,000	Robert H. Rowan, *Pr.*	Jacob M. Layton, *Cas.*
DAKOTA	Mitchell.......	First National Bank.......	Corbin Banking Co.
	$50,000	S. F. Goodykoontz, *Pr.*	J. F. Kimball, *Cas.*
" ..	Valley City....	Farmers & Merchants' N.B.	....
	$50,000	Herbert Root, *Pr.*	Allyn Warner, *Cas.*
IND	North Manchester.	Eel River Valley Bank..... (George W. Lawrence).	First National Bank. Augustus C. Mills, *Cas.*
IOWA....	Newton........	First National Bank.......	National Park Bank.
	$50,000	Frank T. Campbell, *Pr.*	Chester Sloanaker, *Cas.*
" ..	Pocahontas Centre.	B'k of Pocahontas Centre (J. H. Heaton & Co.)	Hide & Leather National Bank, *Chicago.*
KANSAS.	Cawker City...	First National Bank.......	United States National Bank.
	$50,000	Hy. P. Churchill, *Pr.*	Harry P. Stimson, *Cas.*
" ..	Topeka........	First National Bank.......	National Park Bank.
	$100,000	Theodore Curran, *Pr.*	D. A. Moulton, *Cas.*
MAINE .	Searsport......	Searsport National Bank..	....
	$50,000	James G. Pendleton, *Pr.*	Charles F. Gordon, *Cas.*
MICH...	Rochester......	William F. Vanderburgh..	First National Bank, *Detroit.*
MINN...	Fergus Falls...	Fergus Falls National B'k..	Chase National Bank.
	$50,000	Emerson D. Dyar, *Pr.*	E. A. Jewett, *Cas.*
MISS....	Columbus......	First National Bank......	Hanover National Bank.
	$75,000	C. A. Johnston, *Pr.*	R. T. Williams, *Cas.*
MO.....	Appleton City..	First National Bank......	Donnell, Lawson & Simpson.
	$55,000	John C. Bram, *Pr.*	John B. Egger, *Cas.*
" .	Joplin.........	Bank of Joplin............	Continental National Bank.
	$25,000	Thos. W. Cunningham, *Pr.*	George A. Case, *Cas.*
" ..	Macon.........	Scovern, Logan & Wilson.	Kountze Bros.
" .	Platte City	Platte County Bank.......	Bank of North America.
	$20,000	A. S. Guthrie, *Pr.*	James M. Bohart, *Cas.*
" ..	Westboro......	Wright & Sawyer.........	....
NEB....	Norfolk........	Burrows & Egbert........	First National Bank, *Omaha.*
" ..	Ord...........	Ord City Bank............	Kountze Brothers.
		Horace C. Metcalf, *Pr.*	George A. Percival, *Cas.*
N. Y....	Richfield Sp'ngs	First National Bank.......	Mercantile National Bank.
	$50,000	Norman Getman, *Pr.*	Myron A. McKee, *Cas.*
OHIO...	Cleveland......	Lamprecht, Hayes & Co...	Drexel, Morgan & Co.
" ..	Fremont.......	Fremont Savings Bank....	....
TENN...	Pulaski.......	People's National Bank....	Imp. and Tra. Nat'l B'k.
	$50,000	John G. Ballentine, *Pr.*	George T. Riddle, *Cas.*
TEXAS..	Honey Grove...	Honey Grove Bkg. Asso....	Donnell, Lawson & Simpson.
		Young Burgher, *Pr.*	T. W. Cole, *Cas.*
UTAH...	Provo	First National Bank.......	....
	$50,000	A. O. Smoot, *Pr.*	Wilson H. Dusenberry, *Cas.*
W. VA..	Parkersburg ...	Citizens' National Bank...	....
	$100,000	Arthur I. Boreman, *Pr.*	C. H. Shattuck, *Cas.*
WIS....	Waukesha.....	National Exchange Bank..	First National Bank.
	$50,000	Reuben M. Jameson, *Pr.*	Walter P. Sawyer, *Cas.*

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from March No., page 722.)

Bank and Place.	*Elected.*	*In place of*
N. Y. CITY. Fourth National Bank..	Octavius D. Baldwin, *Pr.* C. N. Bliss, *V. P.*........ H. Buckhout, *A. C.*......	P. C. Calhoun.* .... O. D. Baldwin.
" .. Mount Morris Bank...........	Joseph M. De Veau, *Pr.*..	A. P. Ketcham.
DAKOTA First National Bank, Valley City.	B. W. Benson, *V. P.*..... A. J. Henry, *A. C.*.......	C. F. Kindred. ....
ILL..... National State Bank, Bloomington.	Jacob Funk, *Pr.*.......... Isaac Vanordstrand, *V. P.*	F. Hoblit. ....
" .. First National Bank, Lincoln.	Frank Hoblit, *Cas*.......	H. B. Schuler.
" .. First National B'k, Princeton.	H. D. Smith, *Pr.*.........	B. S. Ferris.
KY..... Kentucky National Bank, Louisville.	Charles P. Moorman, *Pr.* Mason Brown, *V. P.*...... H. C. Truman, *Cas*......	W. H. Dulaney. ....
LA..... Hibernian National Bank, New Orleans.	Charles Palfrey, *Cas*.....	....
MAINE.. National Village Bank, Bowdoinham.	John Coombs, *Pr.*.......	R. P. Carr.
MASS... Fitchburg National Bank, Fitchburg.	Brigham N. Bullock, *Cas.* Charles J. Billings, *V. P.*	C. J. Billings. ....
" .. Palmer National Bank........	W. C. Dewey, *Cas*.......	S. W. French.
MICH.... First National Bank, Allegan..	Leon Chichester, *Cas*....	F. G. Truesdell.
MINN... First National Bank, Moorhead.	Lewis Benedict, *Cas*.....	J. H. Karcher.
" .. Second National Bank, St. Paul.	A. E. Ferté, *Cas*........ Louis A. Ferté, *A. C.*....	H. R. Lyon. ....
MISS.... Bank of Holly Springs.......	H. C. Fort, *Cas*.........	F. B. Shuford.
NEB.... First National Bank, Omaha..	F. H. Davis, *Cas*........	H. W. Yates.
N. H... National State Capital B'k, Concord.	J. E. Fernald..........	H. J. Crippen.
" .. First National Bank, Nashua..	George A. Ramsdell, *Pr.*	E. P. Emerson.*
" .. City Savings Bank, Nashua...	Luther A. Roby, *Pr.*.....	E. P. Emerson.*
" .. Nat'l Mechanics and Traders' Bank, Portsmouth.........	James P. Bartlett, *Cas*...	J. Laighton.
N. Y... National Commercial Bank, Albany.	Daniel Manning, *Pr.*..... Robert C. Pruyn, *V. P.*.	R. H. Pruyn.* D. Manning.
" .. State Bank, Chatham.......	Wright H. Barnes, *V. P.* Frank P. Salmon, *Cas*...	T. R. Burrows. ....
" .. Flushing and Queens County Bank, Flushing............	S. B. Parsons, *Pr.*........	W. B. Draper.
" .. Bank of Rochester............	Frederick Cook, *Pr.*......	C. H. Chapin.*
" .. Salamanca National Bank, Salamanca.	Warren Dow, *V. P.*...... Hiram Fosdick, *Cas*.. ...	.... W. Dow.
OHIO... First National Bank, Chillicothe.	William Cook, *Pr.*....... Amos Smith, *V. P.*.......	W. McKell.* ....
" .. South Cleveland Banking Co. Cleveland.	James Walker, *Tr.*....... W. H. Lamprecht, *Sec.*..	W. H. Lamprecht. ....
PENN .. First National B'k, Glen Rock.	W. Herbst, *Pr.*.......*Not*	A. M. Wm. Herbst.
VT.... First National Bank, Orwell...	V. Rich, *Pr.*..............	J. L. Hammond.*
VA..... First National B'k, Richmond..	H. C. Burnett, *Cas*......	S. A. Glover.*
WIS.... First National Bank, Grand Rapids.	J. D. Witter, *Pr.*........ F. J. Wood, *Cas*.........	T. B. Scott. W. H. Cochran,
" .. Nat'l Exch B'k, Milwaukee....	Abbott Lawrence, *A. C.*..	....
N. S... Union Bank, Halifax..........	Henry Y. Clarke, *Cas*...	W. S. Stirling.*
P. E. I. Merchants' B'k, Charlottetown.	George R. Beer, *Pr.*.....	R. Longworth.

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from March No., page 724.)

NEW YORK CITY		National Mechanics' Banking Association; now Wall Street National Bank. Same management.
" " "		Apgar, Merrill & Co.; J. D. Balch admitted. William S. Hartt and Nathaniel Dole withdraw.
" " "		James M. Drake & Co.; admit Herbert H. Drake.
" " "		Lee, Morgan & Co.; now Lee & Ryan. Robert L. Cutting, Jr., special.
" " "		Savin & Hamilton; dissolved. F. W. Savin continues.
ARIZ.	Tuscon	Pima County Bank; now First National Bank. Same management.
"	"	Safford, Hudson & Co.; A. P. K. Safford withdraws. Remaining partners continue. Style same.
DAKOTA	Mitchell	Exchange Bank; now First National Bank. Same officers.
ILL.	Georgetown	Citizens' Bank; suspended.
"	Grayville	H. A. Woodward; assigned to John B. Jolly.
IND	Butler	Bank of Butler; failed. Business continued by late Cashier. William H. Becker, as Commercial Bank.
"	Fort Wayne	Hamilton National Bank; surplus $75,000.
IOWA	Des Moines	Merchants' Bank; now Merchants' National Bank. Same Cashier.
"	Spirit Lake	Spirit Lake Bank (Marcus Snyder); sold to Duff, Pearsall & Co.
KANSAS.	Cawker City	H. P. Churchill & Co.; now First National Bank. Same management.
"	Topeka	Henry Taylor; succeeded by First National Bank.
MASS.	Boston	C. A. & W. F. Putnam; now Putnam, Burr & Co.
"	"	Charles A. Sweet & Co.; suspended.
MICH.	Edmore	Gardner & Corey; now Gardner & Gardner.
"	Owosso	M. L. Stewart; now M. L. Stewart & Co.
MINN.	Fergus Falls	Merchants' Bank; now Fergus Falls National Bank. Same officers.
MISS.	Columbus	Williams, Johnston & Co.; now First National Bank. Same management.
MO.	St. Louis	German-American Bank; capital increased from $100,000 to $150,000.
"	Appleton City	Appleton City Bank (F. Egger & Son); succeeded by First National Bank.
"	Brookfield	W. H. DeGraw & Co.; organized as Linn County Bank.
"	Cape Girardeau	Robert Sturdivant; now President of Sturdivant Bank. Incorporated. Paid capital $30,000. L. J. Albert, *Cas.*
N. H.	Exeter	George E. Lane; defaulter.
N. Y.	Havana	Cook & Sackett; now Cook, Sackett & Co. Warren G. Ransom admitted.
OHIO	Millersburgh	Exchange Bank; will dissolve April 1.
"	Van Wert	Emerson, Marble & Co.; now Van Wert National Bank. *Not* First National Bank as erroneously reported.
PENN.	Philadelphia	John C. Capp & Son; both deceased. Business continued by Samuel M. Capp, 23 South Third Street.
"	Baldwin	Fairview Deposit Bank (Ralston, McQuaide & Co.); suspended.
"	Elderton	John Ralston & Co., suspended.
"	Freeport	Thomas H. Maher (Freeport Deposit Bank); suspended.
R. I.	Providence	Lime Rock National Bank; capital increased from $250,000 to $500,000.
TENN.	Pulaski	National Bank of Pulaski; succeeded by People's National Bank. Same Cashier and New York Correspondent.

TEXAS..	Belton.........	L. Burr & Co.; succeeded by H. C. Denny & Co.
W. TER	Cheney........	C. G. Linington (Bank of Cheney); sold out.
" ..	Colfax.........	E. W. Talbott & Co.; succeeded by McClaine, Wade & Co.
WIS....	Boscobel	Exchange Bank (M. D. Tillotson); closed March 3.
ONT....	Guelph........	Kerr & McKellar; succeeded by Guelph Banking Co. A. W. Murton, *Manager*.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from March No., page 725.)

No.	*Name and Place.*	*President and Cashier.*	*Capital Authorized.*
2635	People's National Bank.......... Pulaski, TENN.	John G. Ballentine, George T. Riddle.	$50,000
2636	First National Bank............. Appleton City, MO.	John G. Bram, John B. Egger.	55,000
2637	First National Bank............ Durango, COL.	Job A. Cooper, George W. Brown.	50,000
2638	First National Bank............ Columbus, MISS.	C. A. Johnston, R. T. Williams.	75,000
2639	First National Bank............ Tucson, ARIZONA.	P. R. Tully, B. M. Jacobs.	100,000
2640	First National Bank............ Cawker City, KANSAS.	Henry P. Churchill, Harry P. Stimson.	50,000
2641	First National Bank............ Provo, UTAH.	A. O. Smoot, Wilson H. Dusenberry.	50,000
2642	Searsport National Bank......... Searsport, MAINE.	James G. Pendleton, Charles F. Gordon.	50,000
2643	City National Bank.............. South Norwalk, CONN.	Robert H. Rowan, Jacob M. Layton.	100,000
2644	First National Bank............ Newton, Iowa.	Frank T. Campbell, Chester Sloanaker.	50,000
2645	First National Bank............ Mitchell, DAKOTA.	S. F. Goodykoontz, J. F. Kimball.	50,000
2646	First National Bank............ Topeka, KANSAS.	Theodore Curran, D. A. Moulton.	100,000
2647	National Exchange Bank........ Waukesha, WIS.	Reuben M. Jameson, Walter P. Sawyer.	50,000
2648	Fergus Falls National Bank....... Fergus Falls, MINN.	E. D. Dyar, E. A. Jewett.	50,000
2649	Citizens' National Bank.......... Parkersburg, W. VA.	Arthur I. Boreman, C. H. Shattuck.	100,000
2650	Farmers and Merchants' N. B.... Valley City, DAKOTA.	Herbert Root, Allyn Warner.	50,000
2651	First National Bank............ Richfield Springs, N. Y.	Norman Getman, Myron A. McKee.	50,000

MESSRS. C. B. RICHARD & CO., General Passenger Agents of the Hamburg Line of Steamers, have issued for gratuitous distribution a forty-page pamphlet, in quarto form, entitled *European Tourist Gazette of the Hamburg-American Packet Company*, to serve for the guidance and information of persons contemplating a visit to Europe. Besides the many illustrations, with descriptions of places that are of special interest, it contains a railroad map and time tables, baths and watering places on the Continent, principal hotels and United States Consuls, advice in regard to passports, money, clothing, paying fees, all items of value to the traveler; also methods of proceeding through Europe, and a host of other concise and valuable information, which makes it extremely useful to the tourist. The next edition is expected to appear in May.

NOTES ON THE MONEY MARKET.

NEW YORK, MARCH 31, 1882.

Exchange on London at sixty days' sight, gold 4.86.

The leading monetary event of the month has been the decline in railroad stocks, followed by a partial recovery. Ever since last May the tendency of railroad property has been toward a lower valuation, with occasional lulls and rallies. Since that time there has been a shrinkage of about forty per cent. in non-dividend-paying securities; and those paying have declined very considerably, though not so much. This decline has had one marked effect, namely, to check railroad building, and this is not to be regretted. We were building far more rapidly than the needs of the country required, putting out of sight capital, from which dividends would not accrue for years, and thus preparing for just such a catastrophe as overtook the country in 1873. Orders for the construction of locomotives have been recalled, and other orders for steel and other railroad material from England have been countermanded. By thus slowing down our speed in railroad construction, the evil day will be longer postponed, and business in every department be kept on a healthier basis.

The movements of gold during the month have not been very important. Considerable sums have been shipped, but not exceeding the production of our mines probably, during the same period. Since 1879 we have retained this amount in addition to large imports, but we have been looking forward to a time when such a condition of things would cease. Indeed, it was evident that we could not continue to draw gold from Europe very long in large quantities without causing a derangement of the finances of Europe, which in turn would unfavorably affect our own. But it is desirable to retain at least what we have and the production of our mines, for a considerable portion is required in the mechanic arts, there is a loss by abrasion, our currency must expand with the increase of business, and fresh supplies of gold are needed to preserve a sound metallic basis to our circulation.

The gold supplies sent to Europe have afforded a very sensible relief. The advance in the foreign rates of discount had the effect desired of attracting gold to the banks, and the Bank of England now holds about $ 120,000,000 in gold, while that in the Bank of France exceeds $ 170,000,000. Notwithstanding the gold sent from this country, the amount in the Treasury and the banks is as large as ever, showing that the sum exported was drawn from the circulation, either immediately, or soon afterward. The purchase of American securities on foreign account is now going on to some extent, but obviously no estimate of these purchases can be made. One effect of this movement, of course, is to check the outflow of gold. They are made, probably, to replace the stocks sold during the recent financial disturbance in Paris. There was a shipment of $ 15,000 in silver bars in March.

The money market has worked easily throughout the month. The Treasury made large disbursements in the early part of it, and these have been sufficient

with the ordinary supplies to furnish funds to the various business interests at easy rates. The domestic exchanges at Western and Southern points are now running strongly in favor of New York, and currency and gold are flowing hither.

Our shipments of cotton, breadstuffs, and provisions continue light, and these events constitute the gravest feature of our situation. At times, grain has been taken for ballast. It has been carried for one penny per bushel, or less than seventy-five cents per ton from New York to Liverpool. Even cotton has been taken for $3.50 per ton. These low rates for a short time stimulated the export of wheat and corn, but it was quickly checked by advancing prices. This is the result largely of the manipulation of the market by speculators who are determined to maintain prices as long as possible.

The effect of their operations is plainly told by the Chief of the Bureau of Statistics in his report for February. That month, for the first time in a long period, showed an excess of imports of $2,381,629. For the two months of the year there was an excess of exports of only $5,584,835. How different was the showing the previous year! For the month of February, 1881, there was an excess of exports of $19,974,314, and for the first two months of the year $48,768,418. The visible supply of grain in Chicago, New York, and other places, and along the railroad lines is considerably less than it was at the same time last year. On the other hand, the roads have been in such a condition for several weeks as almost to prevent the possibility of transporting anything to market. There is undoubtedly a short supply in the country, but the opinion still prevails very widely that shipments will continue light so long as the present prices are maintained.

Heavy as our imports have been of late, turning the balance of trade against us, they are likely to become lighter speedily. A large part of the increase for several months past has been due to demands for material employed in railroad construction. Orders of this kind are not so large nor frequent; indeed, some have been countermanded. Our own furnaces and mills are taking orders at more favorable prices for buyers, and thus competition with foreign producers is sharpening.

It ought to be noted before closing this monthly review, it is announced that the trunk lines have essentially completed a five-years agreement in respect to transportation. This has had the effect of advancing the value of their stocks and making thousands feel easier as to the future of these great concerns. At the same time the long contest that has been waged between them proves at what low rates they can transport freight and yet pay expenses, and even earn dividends. A few years ago such a thing would have been regarded as impossible.

The Pacific National Bank of Boston has resumed business. It has been plunged into litigation in consequence of a refusal to pay a demand certificate. But the action of the bank has the approval of the Comptroller of the Currency.

The proposition of the Directors of the late Mechanics' National Bank of Newark to pay the creditors seventy-five per cent. and revive the bank has failed.

The reports of the New York Clearing-house banks compare as follows:

1882.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Mar. 4...	$320,677,800	$53,279,800	$16,770,600	$290,673,800	$20,026,200	*$2,618,050
" 11...	313,715,800	55,888,500	16,310,000	286,042,700	19,990,600	687,825
" 18...	312,316,500	53,580,700	16,347,800	287,100,800	20,075,500	3,153,300
" 25...	311,219,400	58,602,100	16,150,900	285,659,600	20,096,500	3,338,100

* Deficiency.

The Boston bank statement for the past four weeks is as follows:

1882.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Mar. 4.......	$150,280,800	$6,185,600	$3,994,100	$90,658,900	$31,352,600
" 11.......	149,413,100	6,154,600	3,879,600	89,225,200	31,619,000
" 18.......	148,983,800	5,757,200	3,747,600	87,509,300	31,198,000
" 25.......	147,663,700	5,638,900	4,051,000	87,203,300	31,150,000

The Clearing-House exhibit of the Philadelphia banks is as annexed:

1882.	Loans.	Reserves.	Deposits.	Circulation.
Mar. 4.......	$76,659,457	$18,419,451	$68,347,180	$11,010,175
" 11.......	76,067,659	18,175,324	65,296,546	10,985,895
" 18..	75,938,590	17,821,338	64,380,108	11,022,610
" 25.......	73,492,943	18,550,496	64,819,293	10,617,755

We append the usual quotations of leading stocks for the month:

Quotations:	March 7.	March 14.	March 22.	March 30.
U. S. 6s, 1881, Coup...	101	101	101¼	101⅜
U. S. 4½s, 1891, Coup.	113⅞	114	114¼	115½
U. S. 4s, 1907, Coup...	118⅛	118½	118⅝	119¾
West. Union Tel. Co..	77⅞	79½	87	90
N. Y. C. & Hudson R.	131½	130⅞	132⅞	133
Lake Shore...........	114⅛	113¾	118	119¾
Chicago & Rock Island	130	130	132⅞	131
New Jersey Central...	91⅜	78	82¾	84⅞
Del., Lack. & West....	122¾	120	122	124⅜
Delaware & Hudson..	105¾	104½	105¼	106
Reading..............	57½	54	60	62⅜
North Western........	130½	130	132⅞	131
Pacific Mail..........	40½	40	42½	41½
Erie..................	36¼	36¼	37½	37¾
Discounts............	5½ @ 6	5½ @ 6	5½ @ 6	5½ @ 6
Call Loans............	5 @ 6	4 @ 6	4 @ 6	3 @ 6
Bills on London.......	4.86½@4.90½	4.86½@4.90	4.86½@4.90	4.86¼@4.89⅜
Treasury balances, coin	$80,718,672	$76,962,402	$83,462,713	$90,418,263
Do. do. cur.	$4,392,439	$4,213,888	$3,543,968	$4,200,258

DEATHS.

At New York City, on March 21st, aged seventy-three years, Philo C. Calhoun, President of the Fourth National Bank.

At Rochester, N. Y., on March 16th, aged fifty-two years, Charles H. Chapin, President of the Bank of Rochester.

At Indianapolis, Ind., on March 1st, aged seventy-four years, John S. Newman, formerly President of the Merchants' National Bank.

At Ithaca, N. Y., on March 19th, aged sixty years, John Rumsey, President of the Ithaca Savings Bank.

At Halifax, N. S., on March 3d, aged sixty-three years, William S. Stirling, Cashier of the Union Bank of Halifax.

THE

BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XXXVI. MAY, 1882. No. 11.

THE LONDON MEETING OF BIMETALLISTS.

The meeting held not long ago in London by persons in favor of employing both gold and silver in monetary transactions is significant. It shows that the British mind is awakening somewhat to the true condition of things. Hitherto the press of Great Britain has told the world outside that only one opinion was entertained there on this subject, that silver, for purposes of money, except in very limited quantities, had had its day and was gone forever, and that it were folly to imagine it would ever be needed to perform its ancient function.

The British press, however, can say these things no longer. The truths proclaimed at that meeting cannot be ignored. It cannot be said that those who took part in it were fanatics or fools. They were men of experience, for the most part intimately acquainted with finance and trade. They were neither visionaries nor theorists. They were broad-minded, practical men, whose sayings had their origin not in dreams, but in realities. Their lives had been passed in the busy marts of trade, where the financial pulse beats the most quickly, and where it can be the most easily felt. The words of such men should have far more weight in solving this question than those who dream away their lives in professorial chairs, or toil in newspaper offices, and they doubtless will.

We would not condemn too sweepingly the professional teachers of economic science, who know all about this money question, as well as many others. They doubtless entertain many correct ideas respecting it; but one thing is too plain

to escape notice: a large number of them are at variance with those who are the first and most sensibly affected by changes in the monetary system, and who live amid the world of trade. Now, which of the two classes probably are nearest to the truth? Those who are outside business, and get what facts they have second-hand, and imagine the rest, or those who are inside business and know directly and intimately what it is and how quickly it is disturbed by any monetary movement, like the tenderest leaf by the slightest summer wind?

This change in British opinion has not grown out of any elaborate process of reasoning. These men, who have thus frankly declared their convictions have formed them out of events which were occurring around them. They saw that many of the nations of Europe beside the United States were eagerly trying to accumulate gold. This was a comparatively fixed quantity with an annual increase, which, however, was diminishing. There was not enough for all, and the effort of so many nations to get what there was could not possibly go on without disturbing prices, and thus seriously affecting business.

It is true that English writers on finance generally have seen that all the more civilized nations of the world could not accumulate gold without causing a scarcity and lowering prices. They have readily acknowledged that this was not desirable. They have seen quite as clearly as others that a lowering of prices meant stagnation in business, inability to pay debts, increased bankruptcy, and a long train of unhappy evils. But, then, what remedy do they propose? Read what the *London Times* says:

> It may be quite true that many nations are making mistakes in taking gold as their standard money; but the true remedy, as we have pointed out in these columns, is that some of them should adopt silver. The essential point for a country wishing to have a good metallic currency is that it should have one metal only for the standard; but it is hardly of any consequence whether that metal is gold or silver. As regards the choice of the metal, each nation may please itself, there being ample reasons why countries like England with large transactions and with great movements of bullion constantly necessary for their foreign trade, should prefer gold, and why countries like India and China should prefer silver.

Thus the fact is plainly admitted that there is not gold enough for all the nations that desire to employ it; but the remedy proposed by the *Times* is decidedly one-sided and unfair. It knows too well that the silver-using nations would be placed at a disadvantage with the gold-using ones; yet this is no reason against proposing such a remedy, if it can persuade nations to use silver which are not doing so. Indeed, the suggestion is thoroughly English. No one knows better than the *Times* that the effect of using the metals in this way would be to give England a great advantage over

the silver-using nations; and, of course, she would regard the adoption of such a policy with profound satisfaction. It would be in harmony with her interests for these many years. But, as was said by Mr. Williamson, a member of Parliament, who made the ablest speech of any one at the meeting: English rulers "have been profuse in their counsels to other nations to use silver, and have apparently remained blind to the fact that identity of monetary interests precludes powerful nations from having any standard of value different from that which is prevalent among the countries with which they are in close banking and commercial relationship."

They can see just as clearly as the English nation that to adopt silver is to put them at a serious disadvantage with the gold-using nations. No wonder, then, why they are striving to escape so great a calamity. An admirable solution of the question would this be for England, but a poor one for the nations adopting silver. "Fair trade," however, is not a policy to which she is inclined if she can maintain a one-sided trade in her favor.

As no enlightened nation is likely to adopt the *Times'* remedy for the sake of benefiting England, there are those living in that country who begin to see this clearly, and that something else must be done to avert the evils which will inevitably flow from the attempt on the part of so many nations to employ only gold for a metallic money basis. Displaying more wisdom than the *Times*, they do not affect to be wiser than others, or to imagine that they can fool nations into adopting a policy which will be injurious to them but helpful to Great Britain. They recognize the fact that nations constitute a universal brotherhood, and that there should be an agreement among them concerning the use of gold and silver, and that the adoption of the *Times* policy would cause untold mischief. Mr. Williamson showed that already the disuse of silver by many commercial countries had caused excessive embarrassment and loss in the operations of British merchants and bankers with silver-using countries; that it curtailed shipments of British manufactured goods; that it deterred investment of British capital in railways, commercial credits and public works, in such countries; that it tended to produce such spasms of stringency as have recently been witnessed in connection with failures in France; that it presented an insuperable obstacle to the resumption of specie payments by nations now using an enforced paper currency; and that it operated to cause high import duties in all silver-using countries, thus impeding the sale of British goods.

Furthermore he showed what might happen if the United States were to resolve, alone or alternately with the Bank of France, to send £250,000 weekly of silver money for sale in London without limit as to price, and with instructions to transmit gold for the proceeds. "Over and above this the

London market would have to bear the whole weight of those additional supplies from the mines which are now retained every month in the United States for coinage purposes, in obedience to the existing coinage law, which would then be undoubtedly repealed. The first effect would be the utter collapse of our Indian exchanges, and I need not depict the consternation this would engender."

He might have shown, too, how India was suffering from the increased valuation of gold, how the burden of paying the interest and principal of her debt was weighing her down, beside other impediments to her prosperity arising from the diminished value of silver.

The question is becoming still more serious because Italy has entered into the field to get a fresh supply of gold. A considerable portion of the gold sent from Australia is intercepted on its way to London and goes to Italy. Other sums are drawn from the Bank of England. Thus far it is believed that not more than a quarter of the gold that was to be delivered to the Italian Government has been sent to its destination. The pressure on the gold market will increase as the Italian accumulation goes on. These facts are no longer ignored, and cannot well be, for the effect of these movements is sure to be felt sooner or later, and it cannot be otherwise than injurious to the world's prosperity.

British opinion may be fairly divided into three classes on this question. First may be mentioned those like the *Times*, who recognize the fact that there is not gold enough to go around among all the nations that want it, and that serious mischief will result from the attempt on the part of so many to get and employ it, but who nevertheless hope to persuade some nations to adopt silver, leaving Great Britain, of course, to use gold, under which condition of things she would possess great advantages over the silver-using nations. There is a second class who believe that what is best for Great Britain from an economic point of view at one time is best for all time, and that having flourished under a monometallic gold standard for three quarters of a century it is best to continue steadfast to it. This class believe in the permanence and universality of "economic laws," they do not consider the mode of their origin, or have a proper conception of the history of their operation. They utterly fail to take account of the changed condition of the finances and trade of the world, and therefore of altering the monetary system to conform to it. But there is a third class who do see these things concerning which the former class exhibit so much ignorance. This meeting is proof of the fact. And the numbers are evidently increasing. The tide of opinion is not likely to change rapidly, but there are strong evidences that it will continue to run more and more strongly toward the direction of a different and wiser policy. Great

Britain cannot regulate her monetary system without regard to the systems of other nations, however strongly she may desire to do so—certainly not without incurring a vast loss which the people would not be willing to incur. Meanwhile we are prolonging the present evil day by coining silver under the unsound theory that our Government by so doing can sustain its price. If Congress would only repeal the law and thus destroy the last delusion left to the monometallists, the progress of bimetallism on a sound basis would make more rapid progress.

TAXATION AND THE STANDARD OIL COMPANY.

A recent case has been decided by the Court of Common Pleas, for one of the counties of Pennsylvania, which is of unusual importance, because the statute under which the suit was brought, and which called for the direct exposition of the court, was similar to the law existing in the State of New York, and which has just been enacted by the State of New Jersey. The suit was against the Standard Oil Company, a corporation created by the State of Ohio, but transacting a part of its business in the Commonwealth of Pennsylvania, and, therefore, taxable under a law covering foreign corporations. This law was enacted by the Legislature of New York in 1881, and the Pennsylvania decision has, therefore, more than a local significance, for it is very likely to be followed wherever the statute forming the subject of construction is in force.

The Pennsylvania law was enacted in 1868, and provided that "the capital stock of all companies whatever, incorporated by or under any law of this Commonwealth, or incorporated by any other State, and lawfully doing business in this Commonwealth, shall be subject to pay a tax into the Treasury of the Commonwealth, annually, at the rate of one-half of a mill for each one per cent. of dividend made or declared by such company," &c. Until the end of April, 1881, this law was uniformly construed by all the State authorities as imposing a tax only on property within the jurisdiction of the State, or on so much of a company's capital stock as was invested in Pennsylvania. Auditor-General Schell, whose term expired on April 30, 1881, thus construed the act until the day before quitting his office, when he suddenly reversed his previous construction of the law. Assuming that the entire capital stock of a foreign corporation doing business in the State was taxable, and selecting the Standard Oil Company for a test case, he made a computation, or "settlement," showing the corporation to be indebted to the State, including taxes and penalties from 1868 to 1881, to the amount of $3,145,541.

It may be observed that if this latter construction were correct, the $80,000,000 capital of the Western Union Telegraph Company, for example, would be taxable in every State wherein the concern did business and the law existed. All other corporations, unless specially exempted, would be taxable in the same manner. The taxes, too, would extend back to the time when the law was enacted. Some pretty heavy bills, therefore, would be likely to be presented by the State if such a construction could be fairly put on the law.

Although this has been called a "test case," the question had been already considered in the case of the *Gloucester Ferry Company*. This concern was incorporated by the State of New Jersey, and its office was in Camden County, where its boats were registered. It owned no property in Pennsylvania, except the lease of a slip. In the Court of Common Pleas, the Presiding Justice delivered an opinion in favor of the Ferry Company, in which he remarked:

"With quite as much plausibility could the whole stock of the Erie Railway be taxed in Pennsylvania because that road passed through twenty-six miles of our territory, or the whole stock of the Lake Shore or New York Central, including the road from the City of New York to Chicago, be taxed because the road ran through the triangle. Such a system of taxation was never practiced in Pennsylvania. We tax in proportion to the capital employed and ground used in our State, not in proportion to the whole capital stock. . . . In a case where the State undertakes to tax it must show jurisdiction over the person or the property. Here it has none over either. How can it take the stock? It has no jurisdiction over it, as it is in nowise held in this State. . . . Nor can it tax the business, for that is protected for the benefit of trade. . . . We are, therefore, clearly of the opinion that the whole of the tax is illegal and assessed without authority, and even if our statute bears the construction put on it by the State officers, it would be in violation of the laws of the State and Constitution of the United States."

The Attorney General however appealed from the decision to the Supreme Court of the State, which decided otherwise, holding that the ferry company did business in the State of Pennsylvania within the meaning of the law during the time the tax was imposed. Judge Green dissented, maintaining that "taxation is limited to subjects within the jurisdiction of the State, and that a State cannot impose taxation either directly or indirectly upon traffic between the States," as it would be in direct contravention of at least two distinct provisions of the Federal Constitution; first, that which declares that no State shall without the consent of Congress lay imposts or duties on imports or exports, except what may be absolutely necessary for executing inspection laws; and, second, that which declares that Congress shall have power to regulate commerce with foreign nations and among the several States and with the Indian tribes. "The Supreme Court of the United States," Judge Green said

"has decided that there is no difference between a power to prohibit the sale of an article and a power to prohibit its introduction into the country. If the business of the defendant may be used as a means of imposing a tax not otherwise lawful, and yet this business is not subject to the taxing power of the State, then all inter-State commerce, and, indeed, foreign commerce also, becomes dependent upon the will of the States."

It was a very shrewd thing on the part of the Auditor-General to select the Standard Oil Company for taxation and raise the question with it, for, as the public well knows, it is one of the most grasping and corrupt monopolies that ever flourished in this country. The capital stock of the company in the beginning was $1,000,000. In 1872 it was increased to $2,500,000, and three years later another million was added. Since that time there has been no increase in the nominal capital stock, but the actual capital stock has increased by undivided profits to an acknowledged sum of $25,000,000, but estimated by good authority at $35,000,000. In addition to this, in eight years dividends have been declared as follows:

1872	$376,432	....	1877	$3,248,650
1873	347,610	....	1878	875,000
1874	358,605	....	1879	3,150,000
1875	514,230	....	1880	1,050,000
1876	501,285	....		
Total				$10,425,812

Including dividends and undivided profits on a capital stock of $3,500,000, during a long period of business prostration, this company has made in eight years about $42,000,000. Surely a concern that has fattened in such a wonderful way ought to pay taxes, and heavy ones too, somewhere. The *Philadelphia Record* says that it was created an Ohio corporation in order to do business in Pennsylvania and pay taxes elsewhere. Without the production of petroleum in Pennsylvania it had no business to do. The fundamental idea of its inception was to rob the producers of petroleum firstly, and the transportation companies secondly. It did a lively stroke of work in both directions. The losses of oil producers and of railroad corporations by reason of the Standard Oil Company have not been less than $50,000,000.

In preparing the case for trial the amount claimed was reduced to $796,642. Of this sum about $247,000 was for interest and penalties for non-payment. The court decided that although the company was an Ohio corporation and had no office in the State, yet it did business there in a sense which brought it within the meaning of the statute. But while thus deciding that it was taxable in Pennsylvania, the court also held that "the true construction of the taxing acts must confine imposition of the tax to so much of the capital stock of the defendant as was, during

the years included in the settlement, represented by the property and business of the defendant in the State."

This conclusion is disappointing to many, but after all, is it not right? It accords with the interpretation put on the law by the Comptroller of New York; and it is easy to see to what severe and unjust taxation the opposite construction would lead.

In respect to stock owned by the Oil Company in other companies within the State the court also properly maintained, as we think, that it was not taxable as a part of its property, for the reason that the companies which issued it were taxed, and that double taxation should be prevented if possible.

Just laws regulating taxation are of more consequence than the taxation of any company however odious may be its history. The law under consideration is of vast importance to many interests, and erroneous interpretations would result in endless mischief. Foreign corporations should bear their fair share of the burden of taxation; but their presence is cultivated and desired, and after heeding the invitation they should not be treated as greater sinners than all they who dwell in Jerusalem.

THE HISTORY OF BANK TAXATION IN THE STATE OF NEW YORK.

The first statute in this State, said Mr. Justice Hunt, in *The People* v. *Dolan* (36 N. Y., p. 59), that imposed a tax on bank stock was enacted in 1823. (Laws, Ch. 262, §§ 14, 15, 16.) By that law, all incorporated companies receiving a regular income from the employment of capital were considered persons, and assessments were made, and taxes were imposed, levied and collected on them in the same manner as on individuals. The cashier of every bank was required to deliver to the assessors in the town or ward where its office was located a list containing the real estate occupied by such company, if any, and the amount of capital paid in, or secured to be paid in, excepting therefrom the amount vested in real estate, the amount of its stock held by the State, or by any literary or charitable institution. It was the duty of the assessors to insert in their assessment roll, opposite to the name of the company, the amount of its real and personal property.

The statute further provided that the cashier should pay the amount of the tax and deduct it from the dividends of the stockholders. But if a bank elected to pay directly to the treasurer of the county in which it transacted business, ten per cent. on all of its dividends, profits or income, the

supervisors could impose no tax on the amount of its personal property.

The imposition of this tax, further remarked Judge Hunt, was made on the recommendation of the person who was then serving as Comptroller of the State, and the banks complained of it. The law remained, however, until the adoption of the Revised Statutes, in 1828. No reported decision occurred while it was in operation.

The Revised Statutes declared that all moneyed or stock corporations deriving an income or profit from their capital, or otherwise, should be liable to taxation on their capital.

The president, cashier, or other officer of a bank was required by the first of July, annually, to deliver a statement to the assessors of the town or ward where the corporation transacted business, and also a similar one to the Comptroller of the State, specifying: 1. The real estate it owned, if any, the towns or wards where it was located, and the sum actually paid therefor; 2. The capital stock actually paid in, and secured to be paid in, excepting therefrom the sums paid for real estate, and the amount of such capital stock held by the State, and by any incorporated literary or charitable institution; and, 3. The town or ward in which the principal office of the company was situated.

The assessors were required to insert in the first column of their assessment rolls the name of each incorporated company, and to specify thereunder the amount of its capital stock paid in, and secured to be paid in, the amount it paid for its real estate, and the amount of its stock, if any, belonging to the State and to incorporated literary and charitable institutions. In the second column they were to enter the quantity of real estate owned by such company, and situated in their town or ward; and in the third column, the actual value thereof, estimated as in other cases. In the fourth column they were to enter the capital stock of every incorporated company paid in, and secured to be paid in, after deducting the sums paid out for all the real estate of such company, wherever situated, and the amount of stock, if any, belonging to the people of the State and to incorporated literary and charitable institutions.

The capital stock was to be assessed and taxed in the same manner as other real and personal estate of the county, unless a company could show that it was not in the receipt of any profits or income. (R. S., Tit. 4, §§ 1, 2, 3, 6, 9, 10.)

The first reported decision after the promulgation of this law was in 1833. (*Ontario Bank* v. *Bunnell*, 10 Wend. 186.) It was then decided that a banking corporation located in a village authorized by law to raise money by tax for certain purposes was liable to pay its proportion of the village taxes. And when these were directed to be assessed on the freeholders and inhabitants of the village according to law, a

moneyed or stock corporation having its banking house for the transaction of business within such village, was declared to be an inhabitant within the meaning of the act.

In 1838 a general banking law was enacted, under which many banking associations organized. They were regarded as corporations, and declared to be taxable on their capital. (*People* v. *Assessors of Watertown*, 1 Hill 616, s. c., 25 Wend. 686.)

While this statute remained in force three other decisions were rendered, concerning the mode of assessing banks. In ascertaining the sum to be inserted in the assessment roll, it was decided that the accumulations or losses of capital in the course of business of a bank should not be considered, but only the amount of capital stock paid in and secured to be paid, after deducting expenditures for real estate, and for such portions of the stock as were exempt from taxation. (*Farmers' Loan and Trust Co.* v. *The Mayor, &c., of New York*, 7 Hill 261; *People* v. *Sup. of Niagara*, 4 Hill 20; *Bank of Utica* v. *City of Utica*, 4 Paige 399.) The Court also decided in the latter case that a corporation which was liable to taxation on its capital could not be taxed on its surplus profits remaining on hand and undivided.

Thus the law remained until December, 1847, when the Legislature declared that all individual bankers and all banking associations "shall be subject to taxation on the full amount of capital paid in, or secured to be paid in, as such capital, by them severally, at the market value of such securities, to be estimated by the Comptroller, without any deduction for the debts of such individual banker or banking association." (Laws, 1847, ch. 419, §§ 4, 5.)

Six years afterward the Legislature amended the Revised Statutes relating to the subject. This change consisted in subjecting the amount of all surplus profits or reserved funds of incorporated companies exceeding ten per cent. of their capital to taxation in addition to their former liability. (Laws, 1853, ch. 654.)

While this statute existed banks were exempt from county taxes, but liable to city taxes on their personal property. (*Manufacturers' Bank* v. *Troy*, 24 How. Pr. 250.)

The law was not again changed for four years. But in 1857 another statute was enacted.

The third section has been frequently interpreted, but the contention of the banks has been confined to the right of the State to tax stocks of the United States owned by them which were exempted by Congress from State taxation. The Supreme Court of the State first declared that every moneyed or stock corporation was clearly required to pay taxes on the whole amount of its capital stock paid in, after deducting the shares belonging to the State or to incorporated charitable and literary institutions. Stocks of the

United States owned by a bank could not be deducted. This construction of the law was held to be not an evasion of the admitted rule of law that United States stocks were not liable to taxation by State authority; the assessment being, not in form merely, but in fact and in principle, on the capital stock of the corporation, and not on the property in which the money paid in for that capital was invested. (*People* v. *Com. of Taxes*, 32 Barb. 509, S. C. 20 How. Pr. 182.) This conclusion was sustained by the Court of Appeals (23 N. Y. 192), and afterward reaffirmed by the Supreme Court. (*People* v. *Com. of Taxes*, 37 Barb. 635.) But the case was taken to the Supreme Court of the United States, and the opinion of the State Courts was reversed (2 Black 620).

Just before this opinion of the United States Supreme Court was rendered, another question arose in respect to taxing the capital stock of the National banks before the Act of Congress was passed exempting it. This law was enacted the 25th of February, 1862, and declared that "all stocks, bonds and other securities of the United States, held by individuals, corporations or associations within the United States, shall be exempt from taxation by or under State authority." (Acts, 1861, 2, p. 346.) The State Courts decided that Congress had no power by retrospective legislation to withdraw from State taxation stocks and similar securities issued by the United States, already subject to such taxation, and that the Act of Congress just mentioned, so far as it attempted to accomplish this purpose, was extra constitutional and inoperative. (*People* v. *Com. of Taxes and other cases*, 37 Barb. 635, 659, 660, 26 N. Y. 163.) The correctness of this decision seems not to have been questioned, for no appeal was taken to the Federal tribunal.

The decision of the United States Supreme Court, having rendered the State law of 1857 ineffectual to reach the United States stocks owned by the National banks, the law of 1863 was enacted, which declares that "all banks, banking associations, and other moneyed corporations and associations, shall be liable to taxation on a valuation equal to the amount of their capital stock paid in or secured to be paid in, and their surplus earnings (less ten per cent. of such surplus) in the manner now provided by law, deducting the value of the real estate held by any such corporation or association, and taxable as real estate." (Laws, 1863, ch. 240.) The State courts again held that the banks could be taxed "on a valuation equal to the amount of their capital stock," (*People* v. *Com. of Taxes*, 40 Barb. 334), but the Supreme Court of the United States decided otherwise (2 *Wall*, 200.)

"The effect of these decisions of the Federal Court," said Judge Marvin, in the case of the *People* v. *Board of Education* (46 Barb. p. 594), "is nothing more and nothing less, than

that the State cannot by any system of taxation, assess and tax the securities of the United States, whether held or owned by corporations or individuals; nor can such holder and owner be taxed on account of such securities or their value."

Congress now changed the law relating to the taxation of the National securities. That body enacted that all the shares of any National bank held by any person or body corporate might be included in the valuation of personal property of such person or corporation in the assessment of taxes imposed under State authority at the place where such bank was located, and not elsewhere, "but not at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State; provided further, that the tax so imposed under the laws of any State, upon the shares of the associations, authorized by this act, shall not exceed the rate imposed upon the shares of any of the banks organized under the authority of the State where such association is located: provided, also, that nothing in this act shall exempt the real estate of associations from either State, county, or municipal taxes, to the same extent, according to its value, as other real estate is taxed." (Act of 1864 § 41.)

The Legislature then passed another law the subsequent year. (Laws, 1865, ch. 97.) This provided that the shares in all State and National banks held by any person or body corporate should be included in the valuation of the personal property of such person or corporate body, in the assessment of taxes in the town or ward where such banking association was located and not elsewhere, but not at a greater rate than was assessed on other moneyed capital in the hands of individuals. The tax was not to exceed the par value of the shares and the real estate of the banking associations were to be subject to the State, county and municipal taxes to the same extent as other real estate. The taxes were to be retained from the dividends by the banks unless it should appear that they had been paid by the stockholders.

The Supreme Court declared that the assessors had no authority, under this law to assess the shares of a stockholder in a National bank (*People* v. *Barton*, 44 Barb. 148 s. c.; 29 How. 372), but the Court of Appeals entertained a different opinion (*City of Utica* v. *Churchill*, 33 N. Y. 171). The Supreme Court of the United States, however, declared the act void, no tax having been laid on shares in State banks at all, though there was a tax on their capital. (*Van Allen* v. *The Assessors*, 3 Wall. 573; *People* v. *Com. of Taxes*, 4 Otto 415.)

The next year, therefore, 1866, another statute was enacted. This provides that "no tax shall hereafter be assessed upon the capital of any bank or banking association organized

under the authority of this State, or of the United States, but the stockholders in such banks and banking associations shall be assessed and taxed on the value of their shares of stock therein; said shares shall be included in the valuation of the personal property of such stockholder, in the assessment of taxes at the place, town, or ward where such bank or banking association is located, and not elsewhere, whether the said stockholder reside in said place, town, or ward, or not, but not at a greater rate than is assessed upon other moneyed câpital in the hands of individuals in this State. And in making such assessment there shall also be deducted from the value of such shares such sum as is in the same proportion to such value as is the assessed value of the real estate of the bank or banking association, and in which any portion of their capital is invested, in which said shares are held, to the whole amount of the capital stock of said bank or banking association, and provided, further, that nothing herein contained shall be construed to exempt from taxation the real estate held or owned by any such bank or banking association; but the same shall be subject to State, county, municipal and other taxation to the same extent and rate and in the same manner as other real estate is taxed." (Laws, 1866, ch. 761, § 1.)

This act the Legislature was deemed competent by the Court of Appeals to pass. To state their decision more fully they declared that the stockholders of a National or State bank, where its capital is invested in the bonds or securities of the United States, may be assessed and taxed under State law, for the value of their respective shares of the capital of the bank, but the bonds and securities of the United States, whether owned by individuals or corporations, are not liable to be thus assessed and taxed.

Such shares in the capital stock of a bank, which capital is invested in United States bonds or other securities, are subject to assessment and taxation, under the authority of State laws, at the place where the bank is located, and not elsewhere.

The tax imposed by State laws must not be at a greater rate than upon other moneyed capital in the hands of individual citizens of the State where made; nor must the tax exceed the rate imposed on the shares of any of the banks organized under the authority of the State where such association is located. (*People* v. *Com. of Taxes*, 35 N. Y. 423.) This decision was sustained by the Supreme Court of the United States (*People* v. *Com. of Taxes*, 4 Wall 244), and thus after many attempts a statute was finally enacted, providing for the taxation of bank shares, which was legal. (*National Bank* v. *Commonwealth*, 9 Wall. 353.)

Under this law the actual, and not the par value of the shares of the capital stock of National banks is the basis of assessment and taxation.

It is the duty of the assessors to ascertain the actual value of the shares held by a stockholder, and, after deducting their proportion of the value of the real estate owned by the bank, the balance is the proper sum to be assessed. *(People* v. *Com. of Taxes*, 8 Hun. 536; affirmed 67 N. Y. 516; 4 Otto 415.)

More recently it has been affirmed in assessing bank stock under this law that it is the duty of the assessor to deduct, from the actual value of each share, a sum bearing the same proportion thereto as the assessed value of the real estate of the bank bears to the actual value of all the capital stock. The words "whole amount of the capital stock," as used in the Act, has reference to its value, not to the nominal amount of capital. *(People* v. *Com. of Taxes*, 69 N. Y. 91, S. C. 9 Hun. 650.)

"This system of taxing bank shares." said Earl, J., in *The People* v. *Commissioners* (67 N. Y. p. 520), "is in entire harmony with that of taxing other personal property. The Revised Statutes (1 R. S. 393, § 17) provide that all personal estate 'shall be estimated and assessed by the assessors at its full and true value as they would appraise the same in payment of a just due from a solvent debtor.' This provision requires the assessment to be for the 'full and true value,' and then, that there may be no mistake or evasion of this duty it provides a guide, which will in all cases give the full value, to wit: what the same would be worth in the payment of a just debt to a creditor, entitled to and able to procure the cash for his debt. The basis of assessment is really the cash value."

The provisions of the National Bank Act (U. S. R. S., § 5219) providing that the taxation of shares of stock of National banks "shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens," requires that no greater percentage of tax on the valuation of shares shall be levied; it does not apply to an over valuation. *(Williams* v. *Weaver*, 75 N. Y. 30, S. C. 5, T. Co. 155.)

In making up their assessment roll, the assessors placed the valuation of the bank shares in a separate item in a column with personal property, but this act did not invalidate the assessment. It was a substantial compliance with the act of Congress, which authorized the shares to be "included in the valuation of the personal property" of the owner, and also with the statute of the State now under discussion. *(Ib.)*

That provision of the statute requiring bank shares to be assessed in the town or ward where the bank is located is valid. This species of property may be separated from the person of the owner, and a *situs* given to it for the purpose of taxation. *(Ib; Tappan* v. *Merchants' National Bank*, 19 Wall. 490.)

Although a bank may be the holder of United States securities, it is not exempt from taxation on its capital in the absence of proof that it is invested in them. (*People* v. *Board of Education*, 46 Barb. 588.)

In a future number we shall consider the legislation and decisions respecting the deduction of debts in making the assessment of such property. ALBERT S. BOLLES.

THE REMEDY FOR "CORNERS."

The extent to which speculation has gone during the last six months has finally awakened a formal inquiry into the nature and effects of it; and if no effective remedy can be devised, the public generally will better understand what speculation is and more about the demoralizing consequences occasioned by it. While speculation was confined mainly to stocks the public did not suffer so much; only a few comparatively were interested, and whether they won or lost was not a matter which projected any effect beyond the operators themselves and their immediate surroundings. But when the evil genius of speculation, not content with ruling over the Stock Exchange in Wall Street, took up its abode in the Produce Exchanges of New York, Chicago and other places, very different consequences were seen. When the devil left the tormented man of Scripture and entered into the swine, of course the man was happier, but then the whole herd ran into the sea and were choked, and the loss from an economic point of view was much greater than if the evil spirit had not been disturbed. Now speculation at the Stock Exchange is bad enough, all will admit, but the country suffers far more when it enters the Produce Exchanges and attacks the necessaries of life.

Although the evils of speculation will be readily admitted, many exclaim: "it is no use to attempt to do anything, you can't reach the evil." All the smaller gambling establishments are prohibited by law, and constant descents are made upon them, and many are broken up. It is true that these are smaller in their operations, and not so pernicious to society, yet they are condemned in the eyes of the law, those who visit them are branded as gamblers, the keepers are punished to some extent by the power and weight of public opinion, and the law itself is not altogether useless in dealing with these criminals.

One reason however why it is supposed that the law can do nothing to check speculation is, because it is conducted on such a colossal scale. It has spread its roots everywhere. So many are engaged in it, its ways are so insidious, that

not a few persons believe the law can do nothing. Hence the investigation at last undertaken by the Legislature of New York is regarded by such as a sheer waste of time and money.

Stupendous as the evil is, we are not without hope that something may be accomplished to lessen it. In the first place, the law is competent to define what speculation is, to characterize "illegitimate speculation," which embraces pretty nearly all of it, as gambling, and to prescribe penalties for those who engage therein. Now, there are many gambling dens where thier nefarious business is carried on without much obstruction from the officers of the law, but because the statutes relating to gambling, as it is commonly understood, are not thoroughly enforced, does any one wish to have them repealed and the business legalized and made respectable? While the law exists, if only feebly enforced, the business remains an illegal business, those who engage in it are gamblers, and occupy a lower place in society than they would if no legal prohibition existed. The same thing would happen if speculation fell under legislative condemnation. Those who engage in it would be branded as gamblers. It is true that many recognize them as such now, but then the appellation has not the same depth of meaning and obloquy that it would have if applied by a solemn deliberative body. The term is at present regarded rather as a rhetorical designation than as an actual one; and the public think more lightly of it than if these men were branded gamblers by law, criminals, and liable to penalties imposed by it. The public would get a better conception of the gravity of their offenses, they would be deemed less worthy of trust and favor, their standing in society would be lowered, and the people would hesitate in selecting them to fill offices, either political, financial, or other. This is one remedy which can be tried without harm and with a sure prospect of affecting a potent result.

Another remedy suggested is to declare void all contracts for the future sales of products which the venders do not have at the time of making such agreements. If they were declared void, of course, the unlucky party would not be obliged to fulfill it, and in most instances probably he would be willing to take advantage of the law to escape a loss. If, on the other hand, it was attempted to defeat the law by requiring securities in the beginning, probably the greater number of those who speculate would be unable to furnish them, and so the hazard would not be undertaken.

Another remedy is the abolition of calls. It is by means of this piece of machinery that speculation has been promoted. It is by no means difficult to enact a law preventing this. Abolish these, and speculation would not go on so easily as it does at the present time.

There is another remedy of an entirely different nature. Employers should be slow in employing those who speculate. Bank directors especially should hesitate to employ those who engage in speculation, for, having control of money, it is easier for them to abuse their trusts. Within a few months there has been an alarmingly long list of those who have abused their trusts and sunk the money of others in Wall Street. If directors speculate themselves, if the heads of mercantile houses persist in doing it, they ought at least, for their own security and for the welfare of the community, to insist that those whom they employ shall exert all their energies in discharging their proper duties, rather than in reading tapes and sending telegrams, and watching with anxious interest the operations of the exchanges.

No man can serve two masters; neither can he serve himself and his master if his heart be in Wall Street eager to get a fortune by the operations of others, no matter how unscrupulous they may be, or great the loss of wealth and character which they may incur; unless forsooth their character be so far gone that they have none to lose.

FRENCH FINANCES.

Ever since France paid the German indemnity, the notion has prevailed that she was a wonderfully rich nation and that her finances were managed with singular ability. Notwithstanding the vast sum paid to Germany and the direct cost of the war, France has incurred heavy expenditures for internal improvements, for restoring the army and navy, and for other purposes. Indeed, it would seem as though the task of the legislators as well as the ministers had been, how to spend, not how to save. Severe as taxation has been, the expenditures have been popular, otherwise they would not have been so long continued. Some opposition, it is true, has been heard, but the notes were few and feeble; whatever may be the consequences of the lavish use of money by the French Government during the last ten years, the policy has been very generally sanctioned.

One reason why opposition has been so faint is because the expenditures were very imperfectly understood. This is, indeed, a strong assertion, yet it is strictly true. It is doubtful even if the ministry has always understood the exact financial condition of the Government. Instead of actually paying the annual expenditures from the revenues raised within the corresponding period, it appears that deficits have been constantly occurring which were met by supplemental

budgets, and thus by mixing the deficits of one year with the demands for the next, the Minister of Finance has contrived to keep up the delusion that France was paying her way, until now when the truth can be no longer concealed. "No wonder," says Beaulieu, in a recent number of *L'Economiste Français*, "that there is astonishment on the part of the public, stupefaction in the Chamber of Deputies, and reproaches and recrimination against the Minister of Finance. This functionary, however, has simply revealed a secret that could only be kept for a few months longer. Although there is light, there is not enough—there are still illusions. Let us be bold enough to point them out. There is one undeniable fact at the outset; our *late budgets have been balanced by deficits.* It is very curious that no one has the courage to declare in that respect what is now evident."

It is, indeed, singular that such a state of things could have been so long smothered. That France with a huge mountain of indebtedness should have gone still deeper into debt is proof of her unparalleled fearlessness in financial matters, if not utter recklessness; but that no one should have clearly comprehended the situation, and blazed it forth among the people, is sorry proof that French financiers are neither so shrewd nor profound as many have imagined they were. We can point to frequent blunders in the history of American finance, but then no one was ever deceived by them, nor were they ever concealed from the people. What we have done or attempted to do, has always been known and understood by some persons at least, whether any effort were made to work silently and secretly or not. We can easily imagine how there might have been such a jugglery of figures as to delude friends, critics, opponents for a short time, but that the French Ministry should have done this, year after year, and no one find it out, is certainly a thing not creditable to the French intellect.

For example, apparent surpluses have been counted as real; the surplus in the budget of 1881 amounted officially to sixty-eight million francs; in truth there was a deficit of twelve millions. This is a very singular way of making up a budget, but, we repeat, it is still more singular that the actual situation should not have been clearly known every year. Evidently there has been no close and thorough scrutiny into the management of the finances, for if there had been, the facts which have just come to the surface would have appeared long ago.

By way of showing the prodigal and reckless mode of administering the finances two illustrations may be given. The first relates to the State railroads. Through the last fiscal year these were run at an expense of 26,000,000 francs,

though yielding only 4,100,000 francs as net receipts. The State has not only lost the annual interest on one milliard which has been paid out for these enterprises, but also two million francs annually during the last six years. This is a heavy loss surely; and yet there are those who advocate the extension of the policy very much further in this direction. Happily for France, the present Finance Minister is stoutly opposed to such a policy, and consented to take office only with the promise of the chief of the Ministry that he would not recommend or support the scheme.

Then there are the *Caisse des Retraites*, a kind of Savings bank, which has been a source of loss, because the State paid five per cent. and received no more than three and a half. What a generous Government! Besides these, there are the regular Savings banks whose deposits amount to 1,539,000,000 francs. Four per cent. interest is paid to depositors, whereas the Government receives only three and one-half per cent! Not only this, the maximum for deposits has been raised from 1000 francs to 2000 francs: and thus small shopkeepers, and even large capitalists, are glad to obtain, with ample security, about one per cent. more for their spare cash than they can get in open market. Of course, the thing is in fact an ingenious delusion, for while the extra one per cent. goes into the pocket of the taxpayer, the Government by some process or another, manages to get it more than back again through the functions of the ever-busy taxgatherer.

The French are a brilliant people, as all the world knows, but their liberality is quite equal to their brilliancy. The people must make up the deficiency inevitably accruing from paying more to depositors than is received for the use of their money, but that this should be done with so little complaining is extraordinary. It is true that a portion of the deficiency comes out of the pockets of the very ones who get it in the first instance; but, of course, the benefit accruing from State banking on the one hand, and the burden incurred on the other, are not wholly shared by the same persons. Doubtless, many who deposit nothing and yet are taxed for the deficiency, derive other benefits from the State; still, from every conceivable point of view, the policy of the Government in respect to State banking is unjust and unwise, as the people of France are finally beginning to find out.

The discoveries however which have finally been made into the French system of finance will doubtless lead to further inquiry, and the delusions which the people have been hugging for the last ten years must now be thrown aside. Such a system was sure to have an end, and if its downfall leads to no general depression of business, but only to a shaking of the popular pride, there will be reason for universal rejoicing.

THE LAST INTERNATIONAL MONETARY CONFERENCE.

[TRANSLATED FROM THE REVUE DES DEUX MONDES. CONCLUDED.]

III.

Now will the International Conference meet again, as it decided to do, and will the diplomats, to whom it has relinquished its powers, have a solution all ready for it? It is very doubtful, and we do not hesitate to say that neither England, Germany, nor the Latin Union even, will give full powers for the free mintage of silver. The subsidiary proposition will remain, of substituting fractional silver currency for all amounts less than twenty francs that exist in either paper or gold. If this measure were adopted, it would still be necessary to see that even the fractional silver currency should be limited, for, too abundant, it might take a more important placer than is proper in the circulation, and exert an evil influence on prices. Would the English, though, consent to be deprived of their half-pound sterling, the Germans of their crown, and would we ourselves give up our ten-franc piece? This coin, indeed, wears away more quickly than the twenty-franc piece, but it is very convenient, and satisfies many requirements of our domestic transactions. It should not be forgotten, too, that it is adapted to become the standard of international money, if this *desideratum* were one day to be realized. This advantage of the ten-franc piece was recognized as long ago as 1878, upon our proposition in the Congress to Promote the Unity of Weights and Measures, held on the occasion of the Universal Exposition of Paris. It could not, therefore, be absolutely demonetized. Most probably, except with respect to paper-money notes of less than twenty francs and the five-mark and five-franc gold pieces, which may be advantageously replaced by silver, the Conference will do nothing in April, and will separate, as did that of 1878, with renewed platonic vows, if it so pleases, in favor of the double standard.

Now is it all over, and is there nothing more for France to do but to cross her arms and maintain the *statu quo?* This is the question particularly interesting us. The Bank of France has lately had to raise its rate of discount, which has occasioned many criticisms and favored speculative excesses; this is because our principal financial establishment is in an entirely false situation. It has two-thirds of its metallic reserve, one milliard, two hundred million francs, in silver, of which it can make no use, and which rest in its vaults like stones in a sack. It really possesses but 600 millions in gold

to guarantee two milliards 800 millions of fiduciary paper, and this with an unfavorable exchange with England and the United States that has already existed a long time. No wonder, then, that it has sought to defend this so small reserve by raising the rate of discount. But the misfortune has been that this higher rate of interest has borne hard upon commerce, which is thus punished for faults it never committed. A financial crisis was spoken of; it is a mistake; there has been no financial crisis in the true sense of the word; these kinds of crises show themselves after what the English call *over-trade*, when commerce has exaggerated its operations, as we have seen at certain periods, or after great investments of capital in real estate; this has not been at all the case this year; there has been no over-trade in France, nor in England; there has rather been somewhat of a slackening of business, as may be proved by reference to the custom-house statistics. Thus, during the first eleven months of 1881, the total of imports and exports together was seven milliards 786 million francs against seven milliards 637 millions in 1880: for England the figures are 576 million pounds sterling in 1881 against 581 in 1880. There has also not been any too great amount of capital invested in real property. Capital is put in real property when great public works are made, when many railroads are constructed, when canals are dug, ports opened, new manufactories called into being, etc., as was done some fifteen or twenty years ago. Since the war, people have rightly become more moderate in this respect, and the effect may be remembered that was produced a few years ago by M. de Freycinet's famous plan, calling for the expenditure of five or six milliard francs in ten years; it caused a general alarm, and was soon given up. We do not exaggerate in saying that for the last ten years scarcely more than 300 or 400 million francs have been annually expended for public works in France. It is true that, according to M. Léon Say,* the reform of our military equipment and the expenses of the so-called liquidation have absorbed two milliards 700 millions in the same time, which makes altogether less than 700 millions a year. Now, the savings of France are still considerable, and exceed two milliards, so that there is some margin for any unforeseen necessities. True, indeed, that of late years many financial associations, credit, banking, insurance, and other institutions have come into existence; they have called for capital on a large scale, but not to put it into real property; they have, on the contrary, made it more accessible, by taking it on the bourse, and to their intervention may be, in great part, attributed the unbridled speculation of some months. To rightly estimate the financial situation of the country, we must see what rate is paid on securities, preferred for permanent investment, such as the three-per-cent

* See *Journal des Economistes*, Dec. 15, 1880.

rente, and railroad bonds; they bring in less than four per cent. A great financial establishment, the Crédit Foncier, negotiated until very recently through its agents in the provinces, more than 1,200,000 francs of bonds every week at this rate of four per cent. Every one knows the interest on mortgages has gone down to four and a-half and even less. In a word, notwithstanding a passing crisis, the general rent of money for serious investments is to-day hardly four per cent. This does not indicate any poverty of capital or financial embarrassment.

Anything abnormal in banking takes place in the upper regions of it, particularly in the Bank of France. And why is this so? Because this establishment has in its vaults, I will repeat it, a stock of silver it cannot use, and which is not only useless, but injurious. It is injurious because it gives rise to illusions on the resources supposed from the reserve to be at command, and which are not found to be so when it is desired to make use of them. It will be readily admitted, that if the question of the double standard had been settled some years ago, and gold coin had become the principal instrument of payment, the Bank of France would not have amassed one milliard 200 million francs of silver in its coffers; it would have received its pay in gold. This metal would possibly have diminished through the land, but it would have increased at the Bank, and when exchange with the United States and England began to be against us, our principal financial establishment might, perhaps, have disposed of a milliard and a half of gold to satisfy outside demands. Under these conditions, it might have easily exported 300 or 400 millions a year, and would not have been forced to raise the rate of discount to five per cent.; and as everything is in the upper regions of banking, the other credit establishments, seeing money easy and cheap, would not have devoted the greater part of their resources to promoting excessive speculation by exacting very high rates of interest; or, rather, many of these enterprises would not have seen the light, for their sole object was just such excessive speculations and the profit they could make on them, as the loan offices organized some time ago, and disposing of more than 100 million francs. Is this not a characteristic feature of the situation, this founding of establishments that keep a large amount of capital out of commerce and industry for the purpose of promoting a speculation that will very likely end in a catastrophe?

Is it known what this false situation of the Bank of France has cost regular commerce? In an essay we presented to the Academy of Moral and Political Sciences last spring, we said there were certainly ten milliard francs of commercial paper circulating in France, that suffered directly or indirectly the rate of discount fixed by the Bank of

France; some seemed astonished at this figure and thought it exaggerated. But if we look at what is taking place in England, where the elements of the calculation are surer than with us, it will be found to be rather moderate; for the last four or five years the Clearing House of London has liquidated 150 milliard francs of commercial paper a year, and supposing this paper to have an average time of forty days, which is the probable average, this represents fifteen milliards of notes always in circulation, and the London Clearing House, notwithstanding the extent of its operations, does not represent all the negotiable and negotiated paper of England. There are many banks all over the country that are not connected with this establishment and yet discount notes. It seemed to us that if there was a minimum of fifteen milliards of paper always circulating in England, there were certainly ten circulating among us; the more so as our internal commerce is probably more developed than that of our neighbors. In every arrondissement, often in the canton, there is a banker, a discounter, who draws on his own resources to take up the paper about him and quietly waits until it becomes due. It must necessarily be so, for how otherwise is the fact to be explained that we can keep seven milliards of precious metals? In fine, this sum is not buried, it is in circulation, and it can only circulate by being set off by notes that are discounted in cash, and not as in England with checks and clearances. Now all this paper circulating in our country is more or less subject to the influence of the discount rate of the Bank of France, and not only negotiable paper suffers this influence, but the price of the advances made under different forms by the institutions of credit is also effected by it. The rate of discount of the Bank of France is taken as a basis, and more or less of a commission is deducted besides. Consequently we are right in saying that when the Bank of France raises its rate of discount, it acts upon the entire working of business. And when this elevation is of two per cent. above the average rate, as at present, and when it continues a year, applied to ten milliards of business it is a loss of 200 millions francs. This is a very serious loss, independently of the trouble that results to all great financial operations. How many enterprises that are possible when the rate of interest is three per cent., and that cease to be so when it is five per cent.! Such a situation cannot last forever, and some measures must absolutely be taken to prevent the Bank's reserve being a deception any longer, and to make all the resources figuring in it really useful. This result can only be obtained by definitely settling the monetary question, and by deciding that silver can hereafter be only a fractional currency, and that there shall be no obligation to receive more than a certain amount of it, 100 francs for

example, which would, indeed, be quite enough. In this way one and one-half milliard francs of the two and one-half milliards of silver existing could still perhaps be retained.

Germany accomplished her monetary reform at a time when it was not very easy to do, notwithstanding the ransom France had to pay her; she did not have gold enough, was obliged to obtain it from abroad, and once put in her coffers it became necessary to keep it, which was still more difficult. One of her delegates to the Conference said, however, she had succeeded in bringing this reform to pass, and the work is almost finished. All would be easy to us. We need not go abroad for gold, there is more than we need in France; it is simply necessary to bring it forth to the light of day and to put it in circulation. A law is indispensable for this purpose, for though in fact gold circulates to-day as our principal money, by right of the existing double standard, we may be compelled to receive in payment the great bags of crowns of olden times. The Bank of France and the public treasury are trying this a little just now, at the risk of all the inconveniences that may flow from it. In the first place we do not consider it very moral for a great public institution and a Government to endeavor to put in circulation pieces of money that lose fifteen per cent. by the commercial rate; and then has the Bank of France reflected how high the rate of exchange with England and the United States might go, should it only have silver to offer, when gold was wanted for settlements? It would not have long to wait before seeing its own notes become depreciated. This is something to which it should give great attention.

This institution acts against its interests, or at least against the purpose of its foundation, by defending the double standard before all the Monetary Commissions. This double standard is the source of its embarrassments, unless the Bank of France eonsiders it an advantage to be able to raise its rate of discount high enough to occasion a crisis and to give larger dividends to its stockholders; for one of its pecularities is its similarity to physicians who earn the most when epidemics are rife; its profits are greater in a time of crisis; and its stock has been seen to go above 6000 francs. Evidently this is not what the Directors wish, or in any case this is not the purpose of the institution.

The Bank of France was founded exclusively to be a help unto commerce, by means of its monopoly and its notes payable on demand to furnish it with capital at the cheapest possible rate, and it comes to pass that by a false situation, of which it does not seem to be sufficiently conscious, it exacts a higher interest from commerce than is necessary, and moreover diverts a part of its resources to favor specu-

lations entirely outside of its province. This is really an abuse. There is only one way of putting an end to it, and that, I repeat, is to demonetize silver. Immediately after this measure, the Bank would see gold flow into its coffers; liberty of action would again be given it, and it would be enabled to put its rate of discount in harmony with the general interests of the country instead of with the special exigencies created by this false position.

If, however, silver is demonetized as principal money and only retained for a fractional currency, there will be at least a milliard too much of it, which will have to be sold at a depreciation of fifteen per cent., and this is a loss of 150 million francs. There is some hesitation at suffering such a loss, and attempts are made to put it off at the risk of rendering it still greater. What happened some years ago ought however to be remembered; before the war of 1870, when the monetary reform was already ripe, it might have been effected with a slight sacrifice of twenty to thirty millions; to wait seemed preferable; now it would cost 150 millions. Who knows what it will cost hereafter, if it is still further deferred? This loss of 150 millions would, however, be very quickly compensated for by the advantages resulting from a more regular situation; the rate of discount would be lowered; and it would not have to be lowered very much nor very long to enable commerce and industry to regain more than the 150 million francs. And has it been considered that with this milliard of surplus silver lying completely idle in the bank's coffers, the interest is lost that it might produce, if it could be used? Let it be sold with a depreciation of 150 millions, the loss will only be apparently such, the 850 millions received in exchange will be represented by useful merchandise, which will increase by so much the public wealth and will be more fruitful than the milliard of silver. Everything is therefore to be gained by the reform we propose.

If a last argument be needed to prove there is no danger in accomplishing it, that it saves the present without compromising the future, here it is. Let us suppose our previsions to be erroneous, and the quantity of gold to become insufficient. Will silver be lost, because it has been demonetized? It will still continue to circulate in countries less civilized than ours, that have not yet come to have so great a need of gold; it will even circulate among us as bullion without legal value. The fact seems to be ignored, that for a long time gold and silver bullion have been playing a very great part in international exchanges. M. Juglar, in the very interesting studies he is publishing on the movement of the precious metals establishes, so far as France is concerned, that the importation and exportation of silver bullion amount now to thirty-three per cent. of the international exchanges.

Here we have therefore a metal which, in an uncoined form, consequently without legal value, counts already for thirty-three per cent. of its total in our exchanges; it is therefore unnecessary to coin it in order to keep it, and in the shape of bullion it might supply a deficiency of gold, should such a deficiency occur, which does not appear probable to us. A member of the Conference, favoring the single gold standard, indicated another method: By depositing in the banks the silver converted into bullion, and by representing it by means of certificates which would circulate as warrants and checks. We see no inconvenience in this project, provided only that silver should no longer have any legal value. I will go still further and suppose there should be need of this metal coined for domestic transactions. Even then all that is necessary will be to take it up again and convert the bullion into five-franc pieces. If silver were recalled under these conditions, it would be because it was absolutely necessary, it would no longer suffer any depreciation in relation to gold, and there would be no inconvenience in adopting it again, while there is now very much in keeping it. Without circulating it cannot serve as a reserve in the banks; no one cares to have, as security for notes, a metal that now loses fifteen per cent. and that may perhaps soon lose more.

France has sometimes suffered reproach for being the Don Quixote of Europe, for attending to the interests of other nations before thinking of her own. This is unfortunately too true, and we have more than once been the victims of it. Now we should again play the same part if the end pursued by the Monetary Conference could be attained. We should act to the profit of the States, some of which are troubled with paper money, others by a production of white metal that they can find no use for. We should help them out of their embarrassments to our own great detriment. This would be really a little too simple. Let us be rather more selfish and think of ourselves before others. This is the least one can expect from a government that affirms itself to be the friend of progress and particularly devoted to the general interests of the country.

In fine, a careful reading of the proceedings of the Inter-National Monetary Conference of 1881 shows that no decisive argument was produced in favor of the double standard; the champions of the opposite principle have maintained their advantage, and with even more success than in the Conference of 1878. At that time the effect had not yet been seen of the adoption of the double standard in America, of the diminished production of the silver mines, and of the cessation of sales by Germany. It might be supposed that silver would come a little more into favor in consequence of these circumstances. Such has not been the case, and the Conference of 1881 was enabled to see that at the

very moment of its meeting to deliberate upon the means of averting the depreciation of this metal, this depreciation continued, if it was not aggravated. Surely this ought to have been enough to open the eyes most closely shut. Every one was more witty than Voltaire, people said long ago. Here everybody had more sense than the Conference, and saw that it was attempting an impossible work. Thanks to the meetings of the Conference, speculation however adventurous has not endeavored to bring silver money again into favor; the question is settled. Attentive readers of these proceedings will also be struck by the excessive näiveté displayed by our Government and particularly by our former minister of finances. It was hardly necessary to be a great expert in the matter of the monetary circulation to guess that if ever silver was brought into currency it would be to our own disadvantage, since we have the largest amount of gold to give in exchange. The propositions made in the Conference by the States opposed to this adoption established this fact in a manner not to be mistaken.

Germany said that if the Latin Union would consent to open its mints to the free coinage of silver, she would for a longer or shorter time suspend the sales still to be made of this metal, and England, for her part, agreed under the same conditions to put a certain amount of silver in the metallic reserve of her principal bank, in the proportion of a fourth for example, as the guarantee of notes payable on demand. This was clear enough. As long as France and her confederates consented to admit silver on the footing of fifteen and one-half to one and to coin an unlimited quantity of it, there was no inconvenience for Germany in keeping her surplus of the white metal; she would always have a profitable investment for it close at hand whenever desired; and the same would be the case for any of it in the Bank of England's reserve. The tip of the ear was visible, and it is astonishing our former minister of finances did not see it. Let us hope the new one will be more prudent and will hold a different language from his predecessor, if the Conference meets again in April. He is said to favor the purchase of the railroads by the State, probably with a view to lower the rates of transportation and enable us better to make head against foreign competition. The means are very bad, but the end is good. It is evident that the commercial supremacy of the present belongs to those best equipped for producing cheaply, and the price of transportation is one of the elements of the problem; but there is another one of no less importance and which forms a more considerable part of the expenses of production, the price of capital. Now, if this price, which ought to be at quite a low level, considering the wealth of the country and the abundance of

its resources, is raised in consequence of the false situation of our principal credit institution, it must be confessed something is wrong and ought to be remedied if possible, and it is possible to a certain extent by the demonetization of silver.

VICTOR BONNET.

THE GOLD MINES OF AUSTRALIA.

Next to the gold mines of California, those of Australia have been the most productive. Gold was first found in New South Wales and Victoria in 1851; since that time there have been discoveries of the yellow metal in South Australia, Queensland, Western Australia, Tasmania, and New Zealand, and there are many indications of its existence in New Guinea.

Of the total area of auriferous territory in Australia a large portion yet remains unexplored. The gold field of Victoria is estimated at 28,000 square miles, though not more than 1200 square miles have been opened to mining operations. In New South Wales the gold-bearing area is computed at 13,650 square miles, but new discoveries are constantly occurring in places not previously suspected of containing gold, so that this estimate is far too low. The gold fields of Queensland comprise an area of 14,600 square miles, though official documents state that "there are literally thousands of square miles of gold-bearing country in which no discovery of a sufficiently startling nature has been made to attract a rush of miners, and which have not, therefore, been formally proclaimed."

Like the California deposits, those of Australia are of two kinds: the drift or alluvial deposits, and those found in veins of quartz rock. Gold in the drift deposits has been found in larger masses than in any other part of the world. About a hundred nuggets have been picked up in the single colony of Victoria, averaging 370 ounces in weight. Some of them weighed more than three thousand ounces. The following is a list of the names and value of the largest nuggets which were found within a few feet from the surface.

The Welcome Stranger.	$47,670	..	Nugget unnamed.......	$27,660
The Welcome..........	46,625	..	The Heron.............	20,040
The Blanche Barkley...	32,525	..	Lady Hotham..........	15,000

In quartz rocks gold is rarely found in pieces exceeding an ounce in weight, but it is widely distributed. Some of these quartz veins have been worked to a depth of 2000 feet.

The same story, though, comes from the mines in that quarter of the world as from California, that they are declining in productiveness. It is true that 829,121 ounces were

collect edin Victoria during the year 1880, which was an increase of 70,174 ounces over the year of 1879. This increase was the effect of discovering and opening new mines in that section. But from other sections the reports are not encouraging. The labor employed at the mines is said to be "less remunerative than perhaps any other form of manual labor, and as the period of large finds seems to have passed away, and there are no longer any of these strokes of good fortune which used to lift men out of penury into affluence in a single day, the decline of the industry is not to be wondered at."

The mines reached the highest point of productiveness in 1853, two years after their discovery. The yield was then estimated at 3,150,021 ounces, and worth $58,398,000. The quantity and value of gold raised in all of the colonies from 1851 to 1879 are as follows:

	Ounces.		*Value.*
Victoria	48,058,649	....	$ 935,509,661
New South Wales	8,811,346	....	158,727,589
Queensland	2,901,092	....	52,207,369
South Australia	57,103	....	1,106,725
Tasmania	71,000	....	1,365,589
New Zealand	8,959,482	....	170,353,161
	68,858,672	....	$ 1,319,270,094

This is a vast amount of gold, surely, yet there is great need of a more abundant supply, unless the monetary policy of the leading nations of the earth is changed. What would have been the progress of trade, manufactures, agriculture and commerce if those golden supplies from Australia and California had not been discovered, is a theme out of which have grown many speculations. These it is hardly worth while to discuss. But what will happen to every form of industry and exchange if the gold mines continue to dwindle in productiveness, and the demand for gold grows larger and larger, is a subject worthy the study of the ablest and most serious minds. The evil consequences flowing from these depressing circumstances may not be suddenly felt, but they are sure to come, and they will be not less unwelcome than disastrous, however silent in their operation, or long delayed in their appearing.

A VALUABLE IRON MINE.

There is said to be about a mile north of Durango, Arizona Territory, a wonderful mountain of solid iron ore, called the Cerro del Merado. The ore is entirely free from phosphorus and sulphur, and assays from fifty to seventy-five per cent. of metallic iron. That part of the mountain above the ground measures 5,250 feet long, 1,200 feet broad and 702 feet high. The iron produced is so soft that it bends and twists like wax, and will bear comparison with the best Norway iron.

CONDITION OF THE FOREIGN MIDDLE CLASS.

[CONCLUDED FROM THE APRIL NO.]

Germany.—The poll-tax and income-tax returns for Prussia and Saxony embrace exactly two-thirds of the population of the empire, and if we allow due proportion for the remainder, the earnings of all classes will stand thus:

	Families.		Total income. Millions £.
Over £5000	861	....	9
£1000 to £5000	13,336	....	26
£300 to £1000	106,614	....	53
£100 to £300	686,250	....	110
Under £100	8,581,947	....	652
	9,389,208	....	850

Such has been the increase of wealth in Prussia that the number of persons over £150 per annum has more than doubled in twelve years, while the advancement of the working classes is shown in the latest returns of the Schultz-Delitsch Co-operative Workmen's Societies, viz.:

	1860.		1870.		1880.
Societies	133	....	740	....	3,123
Members	31,600	....	314,700	....	1,120,000
Reserve funds	£80,000	....	£2,200,000	....	£8,560,000

These societies have not only elevated the working classes by encouraging habits of thrift, but also saved them from money-lenders in times of any passing need; the loans made in this manner last year amounted to twenty millions and the co-operative purchases to 140 millions sterling. The savings banks further show the improvement of the masses, viz.:

	1860.		1870.		1880.
No. of depositors.	1,470,000	..	2,230,000	..	4,190,000
Amount	£16,380,000	..	£45,140,000	..	£105,320,000

More eloquent, however, than any of the above figures is the simple fact that the average consumption of meat per inhabitant was forty-eight lbs. in 1859, and eighty-four lbs. in 1880.

Austria-Hungary.—We have returns of rural proprietors, but no guide to the incomes of urban populations, which compels me to omit Austria from the list of classified countries under inspection. The rural assessments are as follows:

	Land owners.			Land owners.
Over £40 tax	56,514	....	£4 to £8 tax	675,100
£20 to £40 tax	162,218	....	Under £4 tax	4,673,092
£8 to £20 tax	584,300	....		
				6,151,224

Like the Cotes Foncières in France, it is supposed that these holdings are exactly double the number of owners, and that the whole of Austria-Hungary is held thus:

	Number.		Acres.		Average.
Nobles	56,514	....	62,000,000	....	1,100
Peasants	3,431,000	....	72,000,000	....	21

Only thirty-three years ago the peasants did not own an acre of land in this vast monarchy, for it was not until 1849 that the present Emperor introduced the same reforms that Stein had inaugurated in Prussia forty years before. The moral and material progress made by the common people in recent years may be measured by the following figures: School children in 1840 were five per cent. of population, and in 1876 over nine per cent. Savings-banks deposits in 1870 were forty and one-half millions, and in 1880 nearly eighty-five millions sterling.

Italy.—The income-tax returns for 1879 are voluminous, and may be reduced to four heads, to which must be added the peasantry, when the whole will stand as follows:

	Families.		*Total income. Millions £.*
Over £2000	462	....	5
£200 to £2000	8,021	....	8
£80 to £200	22,510	....	3
Under £80	203,223	....	12
Peasants	5,432,100	....	214
	5,666,316	....	242

The lower orders have in late years evinced a growing spirit of industry and economy, notwithstanding the tremendous expenditure of the Government for soldiers and iron-clads, which weighs heaviest on the peasantry. Happily the grist tax was abolished last year, and so much has the general condition of the people improved that the other taxes produced much more than the estimates, and covered the deficit that otherwise would have resulted. The Savings banks confirm this favorable turn of affairs, and show as follows:

	1860.		1870.		1880.
No. of depositors..	960,000	..	1,340,000	..	1,820,000
Amount	£6,130,000	..	£14,360,000	..	£28,080,000

Ten more years of peace will suffice to put Italy on the high road to prosperity.

Spain.—The Registro Catastral, a species of Doomsday Book, gives us the rent-roll of every man in Spain, from the Duke of Osuna, with his 400 farm bailiffs, down to the humblest Gallego, and also the number of *patentes* which each trade or profession pays annually, not omitting a single water-carrier in Madrid, nor a gypsy shepherd of the Alpujarras. From the amount of *patente*, or license, we can estimate the income, and reduce the whole population under four heads, as follows:

Class.	*Number.*		*Average incomes.*		*Amount millions £.*
Over £20 tax	25,120	....	£880	....	22
£5 to £20 tax	136,110	....	140	....	19
£1 to £5 tax	761,200	....	63	....	48
Under £1 tax	2,576,410	....	37	....	96
	3,498,840	....	53	....	185

The average income is low, and the country has suffered lamentably from civil wars, but still more from a barbarous customs system which checks legitimate trade, to the benefit of *contrabandistas.* There is, nevertheless, a silver lining to the cloud, for the industrious farmers of Biscay, Catalonia, and Andalusia are steadily rising in the world; the number of landowners having increased from 274,000 in 1840 to 596,000 in 1875, irrespective

of a still larger number of the peasantry and middle class who have purchased house property in the towns and villages. Since the accession of King Alfonso there has been a notable improvement in the condition of the country; the importation of coal and machinery has trebled, the exports have risen forty per cent., and the moral advancement is no less striking. Last year the number of letters sent through the post office, compared with population, was five times greater than in 1846, the ratio of persons who can read has doubled, and the school children, as compared with 1861, have increased seventy-five per cent.

Russia.—If Peter the Great could have built up a middle class as easily as he raised his capital on the banks of the Neva he would have indeed proved the father of his country.

The empire may be said to consist of princes and peasants, viz.:

	Number.	*Millions £.*	*Average income.*
Princes	24,746	92	£3,800
Merchants	123,200	25	200
Peasants	16,254,100	526	33
	16,402,046	643	39

Yet even here we have a great improvement to record, for only twenty years ago the serfs were bought and sold like cattle, and now they possess 149 million acres of land, valued at 300 millions sterling. The effect of the emancipation may be summed up thus:

6,117,000	Crown serfs received	84,000,000 acres
8,584,000	others have purchased	55,000,000 "
1,553,000	are still paying for	10,000,000 "
16,254,000	have obtained	149,000,000 "

Although the farms are less than ten acres for each male peasant, the measure has produced such an advance in agriculture that the export of grain in the years 1875-79 was seven times greater than it used to be before emancipation.

III.—GENERAL COMPARISON AND RESULTS.

In the preceding pages I have shown the numerical progress that the various nations have made in many important particulars, but there are many other points in which figures are of no assistance, and yet unquestionable proofs of the "leveling up" of the social strata. Why do we no longer see beggars sold by auction in Holland, or women yoked to the plow in Belgium, or little chimney-sweeps smothered in London chimneys, as forty years ago? Simply because of the rise of the middle classs. And if England is still ahead of the rest of Europe she owes her proud position to the fact that no other country has so numerous a middle class as ours.

The following table shows the ratio of each class, and average income, in the various countries.

	Ratio.			*Average.*		
	Rich.	*Middle.*	*Working.*	*Rich.*	*Middle.*	*Working.*
United Kingdom	3.36	27.33	69.31	£1,500	260	100
France	2.05	21.64	76.31	800	200	85
Germany	1.28	7.30	91.42	734	160	76
Italy	0.55	3.57	95.88	520	60	40
Spain	0.72	3.88	95.40	880	140	43
Russia	0.15	0.75	99.10	3,800	200	33

This is a sectional view of society, showing the thickness of the three strata, a consideration of the highest importance in study-

ing the phenomena of every-day life. But there is another matter of not inferior interest, the ratio of collective income, in the various countries, falling to each class, which is shown as follows:

	Millions sterling. Rich.	Middle.	Working.	Ratio. Rich.	Middle.	Working.
United Kingdom	334	468	463	26.40	37.10	36.50
France	127	333	505	13.20	34.40	52.40
Germany	88	110	652	10.35	12.95	76.70
Italy	16	12	214	6.66	5.00	88.34
Spain	22	19	144	11.90	10.30	77.80
Russia	92	25	526	14.40	3.90	81.70
Total	679	967	2,504	16.40	23.35	60.25

It is worthy of special notice that in countries where the earnings of the working class form the bulk of the National income, as in Russia and Italy, the people are not so well fed or prosperous as in those where the working class figures for less, such as Great Britain and France. The manifest inference is that a nation composed chiefly of hewers of wood and drawers of water is not to be desired, and that the more we endeavor to make machinery, as in England, supply the place of manual labor the more we exalt the masses and improve the condition of society.

There are, indeed, some well-meaning people, who say that it is a mistake to improve the lower orders, and that they were happier before. Did not Goldsmith see the peasants dancing on the banks of the Loire when they were too poor to eat bread? But if he visited France a few years later, he would have been convinced that dancing peasants are no proof of a nation's prosperity. We must elevate the masses, morally and socially, not for philanthropy or Quixotic sentiment, but for the same motive that we carry out sanitary improvements—the instinct of self-preservation.

Note on the Depreciation of Money.—The average cost of maintaining a family of five persons is now almost fifteen per cent. greater than in 1840, which is the same as to say that money has depreciated thirteen per cent., since £100 now buys no more than eighty-seven pounds would have done in 1840. The following is compiled from Tooke's prices for the average of 1836–40, and the Board of Trade prices for 1876–80:

Yearly consumption for family of five persons.	1836–40. £	s.	d.	1876–80. £	s.	d.
Meat, 600 lbs	16	5	0	24	8	0
Wheat, 30 bushels	11	12	0	8	5	0
Sugar, 280 lbs	4	10	0	3	0	0
Tea, 20 lbs	2	7	0	1	10	0
Butter, 60 lbs	2	10	0	3	10	0
Coal, 5 tons	2	12	0	2	12	0
Iron, 10 cwt	3	3	0	1	10	0
Cotton cloth, 150 yards	3	15	0	2	3	0
Woolen cloth, 40 yards	10	2	0	6	1	0
Linen cloth, 50 yards	1	16	0	1	15	0
Servant	12	0	0	18	0	0
House rent	9	10	0	16	0	0
Taxes and rates	12	12	0	17	10	0
	£92	14	0	£106	4	0

The consumption is according to the present average, but it was much lower per inhabitant in 1840. The rent is the ratio derived from the Government valuation, divided by the number of houses existing in the two periods.

M. G. Mulhall in March No. of Contemporary Review.

CURRENT EVENTS AND COMMENTS.

STATISTICS OF DEBTS.

The increase of the debts of the principal countries of the world was 36 per cent. from 1848 to 1860, 65 per cent. from 1860 to 1870, and 36 per cent. from 1870 to 1880; the aggregate rising from $7,627,692,215 in 1848 to $23,286,414,753 in 1880. The average yearly increase of indebtedness since 1848 has been $489,335,079.

The State and local net indebtedness of the United States is summed up as follows: State debt proper, $274,439,261; county debt, $123,877,686; township debt, $31,604,244; school district debt, $17,507,411; debt of cities and towns of 7500 inhabitants and over, $593,344,418; debt of municipalities less than 7500 population, $55,817,126; total, $1,056,584,146.

The largest single item in this indebtedness is "railroad and other aid," $175,638,948; the next largest is for water works, $146,423,565, and the next is for street improvements, $86,674,860. War expenses, public buildings, and parks and public places follow in the order named. The lowest rate of interest is in North Carolina, which pays, or promises to pay, two per cent.; about one-half of the aggregate debt pays six per cent. interest, and on $23,370,864, ten per cent is paid. Nevada pays fifteen per cent. on a part of her indebtedness, and twelve per cent. on part; and Minnesota pays twelve per cent. on $26,190. These are the highest rates anywhere paid.

The debts of the principal countries in the world in 1880 were: France, $3,829,982,399; Great Britain, $3,766,671,000; Russia, $3,318,953,000; Spain, $2,579,245,000; Italy, $2,540,313,000; United States, $2,120,415,371; Austro-Hungary, $1,881,115,350; Turkey, $1,376,486,500; Portugal, $457,451,000; Australia, $442,851,500; Holland, $389,320,000; Canada, $175,191,000; Roumania, $118,742,600; Sweden-Norway, $97,330,000; Greece, $94,361,435; German Empire, $49,317,508; Denmark, $48,665,600.

MEXICAN MINES.

Every day's experience reveals new and important movements looking to the most interesting developments of the mineral riches of our sister Republic of Mexico. American enterprise appears to be fully aroused, and American capital is becoming fairly directed to a region which, in the past, has contributed more than its share to the mineral wealth of the world, and the contributions of which, in the future, the imagination can hardly compass. Humboldt computed that up to the beginning of the century the yield of Mexican mines had been $1,767,952,000, and the estimate of the total yield to the present time is, in round numbers, $12,000,000,000, an amount with it staggers the mind to grasp. Coinage only began in 1535, and since then the aggregate product of their mints has been $53,000,000,000, much the larger part in silver. The vast yield has been acquired almost entirely from and near the surface by crude and imperfect processes which, until later years, prevailed in all mining regions. Now the time has come when, by improved methods, the riches emboweled in the earth, of which these im-

mense acquisitions were but the outcroppings and surface manifestations, will pay even larger tribute to man's genius and energy. The railroads, the transforming and developing ministers of his power, are pointing steadily to these sources of international wealth, and in a short time the harvest may be reaped.

ANCIENT CLAIMS.

It has come to be understood that an undeniably proper and just claim against the United States is a real case of *Jarndyce and Jarndyce*, while claims of a doubtful character meet with few of the delays encountered by Dickens' mythical case in the English Court of Chancery. There are two cases in point now before Congress, one of which dates back to 1777, and the other to 1861. The former is a claim of the State of Georgia for an original sum of $35,555, for supplies furnished at Savannah in 1777 to troops in the Continental service under General James Jackson. The claim was allowed by the State of Georgia, and in 1847 State bonds for the amount were issued. The claim was presented by that State to Congress, and favorable reports have been made thereon by committees of the House, from time to time since 1860, but as yet remains unpaid. The second referred to is the claim of the State of Massachusetts for $230,000 expended by that State for coast defense, under advice of President Lincoln, during recess of Congress. A bill for its payment has been repeatedly reported upon favorably. Whether it now is practically any nearer payment than when first reported upon remains to be seen. During the period that these eminently just claims, against which there have been no adverse reports, have failed adjustment, there have been thousands of others of the most doubtful character, representing millions of dollars, expedited through Congress, and paid from the Treasury.

THE GUELPH FUNDS.

New attention has been recently drawn to what are known as the Guelph funds in Germany. When the Prussian Government, in 1866, confiscated the estates of the late King George of Hanover, they amounted to over $10,000,000, and were bearing about $450,000 interest. The Government by law was authorized to employ this interest "for measures to avert and combat all undertakings of King George against Prussia," and was not obliged to give any account of its expenditures. There has now been introduced in the Prussian Parliament by the Progressist Party a bill prohibiting a further application of the fund in this way, and ordering the interest to be added to the capital till it can be returned to the Duke of Cumberland on his recognizing the annexation of the Hanoverian Kingdom.

BANKS FOR THE GONDOLIERS.

The Venetians have always been bankers. As early as the twelfth century the nobles of Venice, like their neighbors of Florence, began to engage in private banking, and continued for 400 years the greatest bankers in Europe. A series of Black Fridays, toward the close of the sixteenth century, put an end to most of the private houses, and the government established a public bank in their place. But an instinct, so spontaneous as that of banking appears to be in the Italian temperament, cannot be wholly obliterated by any process of time. Among the people there still survives a vigorous system of traffic in money, conducted by themselves for themselves, and quite independent of any commercial movement in the great world. The

traditions and instincts of republican Venice endure with greatest tenacity among the Gondoliers. They have always considered themselves as a guild, and have always been so treated by their fellow citizens, though without any formal recognition of such a status. For centuries they have been accustomed to govern themselves internally. They, more than any other institution of Venice, have successfully withstood the changes and chances of progress, for they belong to the most essential elements of their city—the water. It is among the Gondoliers chiefly that this popular system of banking goes on; hidden away from the knowledge of the stranger, who would hardly suspect that the tall, grave rower behind him, silently urging his gondola out to the Lido or San Giorgio, was in truth a most capable financier. Yet, if some happy touch of sympathy or friendliness should loosen his tongue, he would have something to say about the society to which he probably belongs.

SOLIDIFYING PETROLEUM FOR TRANSPORTATION.

According to a St. Petersburg paper, a German has practically solved the problem of rendering petroleum solid—a problem considerably studied by chemists of late, in view of the large question of transport. The transformation of the substance will not cost more than about six cents per 36 lbs., whereas the casks now used increase the cost of petroleum about 58 cents for the same quantity, leakage not considered. The mode of treatment is not yet disclosed, and chemists to whom small samples of the solid petroleum have been sent have not been able to make out the nature of the foreign substances that are added in a proportion of two or at most three per cent. to solidify the petroleum. The reporter of the St. Petersburg paper saw the product; he says it is of a wine-yellow color, and has the consistency of very stiff gelatine; it can be kneaded with the fingers like wax, and is yet somewhat breakable. A small piece of the thickness of a lead pencil and about an inch long could be lit at one end and held with the fingers. It melted like wax, and it was only after a little while when hot drops ran down, that the flame had to be blown out. The danger of fire is considerably less than with liquid petroleum. The product can be easily liquefied when required by the addition of vinegar, and the process is rapid. The vinegar in time separates out below and the petroleum above. It is not stated whether the same vinegar can be used repeatedly. It appears that the higher and low-boiling hydro-carbons in crude naphtha are not affected by the solidifying agent, in which case the costly apparatus for fractional distillation might be dispensed with. The advantages of solid petroleum would be peculiarly felt in regions where the naphtha industry suffers through the dearth of suitable wood for barrels.

THE SCOTCH BANKS AND LIMITED LIABILITY.

It may be taken for granted that Scotch banks of the admittedly unlimited type have now completed arrangements for coming within the Limited Liability Act of 1879. A day or two ago the National Bank of Scotland submitted its plan to the shareholders, and now that of the Union Bank of Scotland has been made public. They are on identical lines as all the others are—more so than those of some English joint-stock banks. According to the Union Bank programme now before us, no new capital is to be called, or any new shares created; but the company's stock of £1,000,000 paid up is to be divided into 20,000 shares of £50 each. On these shares

a further liability of £ 200 will be placed, which can only be called up in the event of the bank going into liquidation. This raises the nominal capital of the bank to £ 5,000,000, or to about fifty per cent. of the total liabilities of the bank—surely a sufficient protection for depositors in any contingency. Indeed, what we should fear is that the shareholders may grumble at the weight of this possible call. After the bitter experience of the City of Glasgow Bank, with the ruin it produced, through each individual shareholder being liable for the whole debts of the bank, a limit of any kind may just now seem a merciful relief. But a new generation, who has not felt that bitter experience, may be disposed to consider a possible liability of £ 200 on every £ 50 invested too great a risk for prudent people to accept. Still we do not quite see what other course the Scotch banks could take. They did not require more paid-up capital, for, in proportion to their liabilities, their capital is larger than that of banks in London, as matters stand. But, at the same time, it was necessary for them to gratify the shareholder's demand for a limit of some kind to his loss, while yet insuring the safety of the depositor as much as possible. To do both, involved, we take it, very much the course adopted, and we have no doubt the plans of the various boards of directors will be carried out.—*London Economist.*

OSTRICH FARMING IN SOUTH AFRICA.

The domestication of the ostrich for the sake of its plumage, it appears, dates no further back than 1867, and Arthur Douglass claims the distinction of being the first to make the farming of the bird a sole occupation, and "to bring it before the world as the extraordinary lucrative and great industry it has now become—an industry in which in the Cape Colony alone there is not less than £ 8,000,000 of capital employed, and with an export of feathers for last year of 163,065 lbs. weight, valued at £ 883,632, being equal to £ 5 8s. 4d. per pound., the great mass of which was from tame birds." The French, it seems, have made ineffectual endeavors to introduce ostrich farming in Algiers; and in Egypt, to a limited extent, tame ostriches are kept. Even in Australia, the experiments made by the Melbourne Acclimatization Society, about eight years ago, have been attended with but little success. South Africa is, therefore, the seat *par excellence* of the ostrich-farming industry, and it is throughout the Cape Colony that it is more successfully prosecuted, birds having been farmed only to a small extent in the Orange Free State, and scarcely at all in Natal and the Transvaal.

COAL IN SOUTH AFRICA.

Certain parts of South Africa are declared by competent geologists to contain valuable carboniferous deposits, and two companies have been formed within the past month in the Cape colony to develop their resources. In time the colony will be independent of England, it is thought, in regard to the supply of coal which is now imported from the mother country. The Stormberg range of mountains on the eastern frontier of the colony is supposed to be exceedingly rich in coal veins. One mine is described as covering 6000 acres, and having a main seam of coal two feet six inches thick. Specimens from another mine were used in castings, and were pronounced equal to imported coal. The possible exhaustion of fuel is made more remote by such discoveries, and the mining operations of the past few years in that district will, it is hoped, be greatly extended.

BIMETALLIST MEETING AT LONDON.

At the meeting recently convened by the Council of the International Monetary Standard Association at London, Mr. Grenfell, Governor of the Bank of England, said that as he was one of the custodians of the currency of the country, it might be supposed that he ought not to take any part in an agitation of this kind, but as long as it was distinctly understood that he was speaking only as a private individual, and in no degree expressing the opinions of his colleagues, he thought there could be no reason why he should not attend such a meeting after the somewhat long study which he had given to this question. (Hear, hear.) He thought it right to say that he was a bullionist of bullionists, that he had been brought up at the feet of a "bullionist Gamaliel," if there could be such an individual (laughter), and therefore it was impossible that he could swerve from the principle in which he believed—that the currency and standard of this country should be founded on wise, just and honest principles. He presumed that all present knew that the standard of this country was a gold monometallic standard, and that it was introduced by the great statesman, Sir Robert Peel, and founded on the writings of another great statesman, Lord Liverpool, who had given years of study to the question; but it was not so generally known, and it was somewhat singular that it should have been so, that when Sir Robert Peel brought forward the measure for the resumption of cash payments and for the institution of a monometallic gold standard, he appealed to the House of Commons, by all the wish they had to act with good faith towards their creditors, that they should return to the ancient standard of the realm. He presumed that Sir Robert Peel meant that the ancient standard of the realm was a monometallic system; but it was not a monometallic gold standard at all. (Hear, hear.) The ancient standard of the realm was a bi-metallic standard, and although there had been a monometallic standard before, it was never a gold standard. He had gone through the labor of examining most of the points about which Lord Liverpool wrote, and of which Sir Robert Peel spoke, and he believed that if Sir Robert Peel and Lord Liverpool were living now, and were as keenly alive as they were in their own days to all events going on around them, they would have come to the conclusion that this question might once more be re-considered. (Cheers.) Lord Liverpool never thought of the possibility of various States agreeing on such a subject; and Sir Robert Peel, as a statesman, knew that it was impossible to neglect the consideration of events which men saw around them. (Hear, hear.) What were the events which had occurred since the death of Sir Robert Peel or since he quitted public life? They were perfectly new. The beginning of it was apparently by accident. The first event was the calling together of the Conference in Paris, in 1868, for the purpose of attempting to govern the coinage of all nations, but scarcely had they met when they found it necessary to discuss the question of standards, and, unfortunately, that Conference came to the conclusion that the best of all standards was a monometallic gold standard, and by a narrow majority passed a resolution to that effect. Very shortly afterwards there came the Franco-German war, and when a large quantity of the gold of France passed into the hands of Germany, that Government, with the resolution referred to before them, decided to make a gold standard. Scarcely had that been done, when the evil arising from that great monetary revolution began to be shown. In 1878 another Conference was called to again discuss that question; and, although from the absence of any German delegate at the Conference, it was not likely that they would come to anything like a bi-metallic agreement, they passed a resolution, he believed unanimously, that it would be a misfortune for the world if the functions of silver in the coinage of the world should pass away. (Hear, hear.) The next event was the Conference, which was still, technically speaking, alive now in Paris, and the difference which existed

between that and the previous Conference, was that a German delegate appeared at it and made certain offers with respect to it, which, although not all that was desired, were most important. There was another great change which had occurred since the days of Lord Liverpool, and that was that there were numberless agreements between States—postal, telegraph, and police agreements, and agreements for lighting and signalling, and other subjects in which the commerce of the world was interested. It was said that it wonld be utterly impossible to make a relative price between gold and silver—that it would be impossible to go against the law of the cost of production. To give one instance against the argument, however, the metal called platinum cost a great deal more to produce than gold, and yet one could not obtain a pound of gold for a pound of platinum. As to what was said about going against science and nature, they must look rather to facts. The resolution he had to move was as follows: "That the contraction of the metallic basis of the world's currency by the exclusion of silver from its natural functions as domestic and international money is to be deprecated as likely to render disturbances in the buying power of gold more frequent and violent." Had they calculated what the cost of demonetization of Germany was? The amount the German government coined was eighty-seven millions sterling of gold, which, according to the average for the last twenty years, was equal to 3.3 years of the whole world's production of gold. Besides that, Germany sold twenty-eight millions sterling of silver, which was equal to more than two years' production of the whole world of that metal. What did they think, supposing the Latin Union, our Indian Empire, and the United States were to resort to some such measure as Germany did? That was the problem before them, to which he invited their most anxious consideration. (Cheers.)

Mr. A. J. Balfour, M. P., in seconding the motion, said it was universally admitted that the great variations in the last ten years in the relative price of silver and gold had not only seriously endangered the interests of the government of India, but had likewise done much to dislocate international bonds, and had added an unnecessary speculative element to all commercial transactions.

The other resolutions adopted by the meeting were given in our last number.

A NOTED BANK ROBBER

The career of the "James boys" is unique in the annals of bank robbery. The following account of them is derived from the New York *Evening Post* and the St. Joseph *Herald:*

Early in 1861, Frank James, the eldest, then twenty-one years old, joined Quantrell's band of guerillas, in which he soon became noted for his daring and murderous ferocity. Jesse, only fourteen years old, sought service at the same time, but was rejected as too young. Returning home, he became serviceable as a spy for the guerillas infesting Clay and adjoining counties; and becoming enraged at some indignities to which the members of his family were subjected as outspoken rebels in a Union community, he again sought Quantrell's band, and began a life of murder and crime. Frank had already risen to eminence in Quantrell's gang of murderers and cut-throats, and Jesse, emulating the example, soon eclipsed him, and became the leader in all expeditions where nerve, daring and a reckless disregard for his own or other lives were required.

Omitting a chapter of their murderous misdeeds, we come to the time when they committed their first bank robbery at Liberty, Clay County, Ky., on the 14th of February, 1866. The bank there was robbed of \$70,000, and Jesse James was supposed to be the leader of the gang who committed the deed. Jesse was wounded during the affair, and four days later, on the 18th, a crowd surrounded the house of Mr. Samuels, where Jesse lay suffering from his wounds, and demanded admittance. Jesse shot one man dead by firing through

the door, and then throwing it open, wounded two others, and killed one more as he ran towards his horse. But one man out of five escaped uninjured. Next day when an army of armed men revisited the house of Mrs. Samuels, Jesse James was not at home. He had gone to join Frank in Kentucky.

Two years later, in the spring of 1868, Jesse James, accompanied by "Cole" Younger, "Al" and George Shepherd, and "Jim" White, dashed into Russellville, Ky., and robbed the bank of $14,000. There they first employed the tactics that they have always followed in such operations. Part of the party entered the bank, while the others remained outside and began a fusilade up and down the street to prevent the approach of help. Accomplishing their object, the robbers rode away, and though vigorously pursued, escaped. Their first robbery in Missouri took place in Gallatin, where not only did they rob the bank, but killed Captain Sheets, the cashier, after stealing the money in the bank. Frank and Jesse James and "Cole" Younger were the only ones concerned in the robbery. Frank guarded the avenues of approach while "Cole" Younger and Jesse entered the bank. In the spring of 1870 they made their appearance again, this time in Corydon, Iowa, a prosperous village near the Missouri line, where the bank was robbed of $40,000. At the time of this robbery a political meeting was in progress near the town, and when they had effectually gutted the bank, they rode to the public gathering. There "Cole" Younger interrupted the speaker and announced the fact of the bank robbery. The crowd was fairly stupefied, and derisively laughing at the consternation produced, the bandits put spurs to their horses and rode off.

Two years now intervened before the gang was heard of again. Kentucky was again the sufferer, and Columbia the scene of the robbery; and here again the bank cashier was shot down in cold blood. Only $200 were obtained by this raid. In the autumn of this year Kansas City was for the first time visited by the outlaws in an official capacity. The County Agricultural Fair was going on, when three men were seen to ride up to the gate of the grounds. They were well mounted, and wore long linen dusters and wide-brimmed hats. On reaching the gate one dismounted, handing his bridle reins to his comrades. He approached the ticket office, and, looking through the window, said to the cashier: "If I was to say I was Jesse James, and told you to hand out that tin box of money, what would you say?"

"I'd say, I'll see you in —— first," was the contemptuous reply.

"Well, that's just who I am—Jesse James—and you had better hand it out pretty quick, or I'll ——," and the rest of the sentence was finished by levelling a huge navy revolver at the cashier. The box was handed out with its contents of $10,000. Jesse remounted, and the three desperadoes began firing their pistols and hurriedly rode off. The alarm became general, and almost immediately a pursuing party was organized, but with no results. This daring exploit was followed in six weeks by the robbery of the bank at St. Genevieve. Nobody was killed here, but $40,000 were stolen.

The next heard of the gang was in June, 1873, when a train on the Chicago, Rock Island & Pacific Railway was wrecked, and the express messenger was robbed of $6000. Eight men were engaged in this affair—the James brothers, "Cole," "Bob," and "Jim" Younger, and three other bandits whose names are not known. They put a climax to their audacious career in this part of the country by the robbery of an Iron Mountain Railroad train at Gad's Hill. They took possession of the station, switched the train on a side track, and at their leisure "Clell" Miller, Jesse and Frank James and "Jim" and "Cole" Younger stripped the passengers and robbed the express car of $10,500. Their next exploit was to take possession of a train at Muncie and rob the express messenger of $23,000, while the other members of the gang, which upon this occasion numbered seven, held the engineer and train men in submission. After this the James brothers, followed always by a number of choice spirits of their own tastes, turned their attention to bank robberies, rifling the bank at Huntington, W. Va., in 1875, of $60,000, and escaping, as usual. In many of their murderous raids members of the gang were killed or caught, but such was the terror inspired by the Jameses that in the ten years during which a price was set on their heads no one was found to earn the money by betraying them.

After the Huntington robbery the brothers returned to the West, and after having stopped and robbed a train on the Missouri Pacific Railroad of $15.000 by way of recreation, they undertook some serious work at Northfield, Minn. Bill Chadwell, one of the gang at this time, was an outlawed horse thief from Minnesota, and was undoubtedly the originator of the journey which ended in the almost total extermination of the entire party. Chadwell and one of the Youngers were sent in advance of the others several days to reconnoitre, the main body of the expedition leaving Clay County, Missouri, some time during August, 1870. "Cole," "Jim," and "Bob" Younger, Jesse and Frank James, "Clell" Miller, Charles Pitts and Chadwell comprised the party.

The eight men entered Northfield at a furious pace, shooting their revolvers right and left in order to intimidate the people in the streets, and halted in front of the bank, and, while Frank and Jesse James and "Bob" Younger entered, the other five remained outside to guard against attack. J. L. Haywood, the cashier, and two clerks were in at the time, and, for refusing to open the time lock, Jesse James killed Haywood in wanton cruelty. In the meantime the citizens realized what was going on, and opened fire on the robbers. Chadwell was shot from his horse by a man from the Court-house window, just opposite the bank, and in a few seconds "Clell" Miller was also killed. By this time the firing became general; "Jim" Younger had a bullet in his mouth, and Frank James one through his left leg, but the entire six succeeded in mounting their horses and escaping from the town, followed by fifty armed men. Jesse James wanted "Bob" Younger killed, as the blood from his wounds made a plain trail, but "Cole" Younger would not allow it, and said he would kill the first man who dared lay a finger on his wounded brother. Jesse and Frank James then went off in a northerly direction, while the three Youngers and Charles Pitts remained in a body. As on previous occasions, luck followed the Jameses, for while they escaped after being pursued nearly 500 miles, the Youngers were shot down and captured and Pitts was killed. The three former were terribly wounded before they would surrender, and are now serving a life sentence in the Minnesota Penitentiary, at Stillwater. Jesse and Frank James, after being chased for weeks, succeeded in reaching Texas, and at Waco Frank had a surgical operation performed upon his leg, in consequence of the bullet wound he received in Northfield. The wound was so many days without care that it made him a cripple for life.

The terrible result of the last raid of the gang, and the killing and capturing of so many of their old partners in crime, had for two or three years the effect to retire the boys from the public gaze, but the old spirit again came.

In the fall of 1879 the Jameses returned to their old haunts in Clay County, and very soon had about them a new gang, comprising "Ed" Miller, a brother of "Clell," killed at Northfield; "Jim" Cummings, a noted Clay County horse thief; Tucker Baasham, "Ed" Ryan, and "Dick" Little. The last three were young farmers.

With this crew of young cut-throats Glendale, a little station in Jackson County, seventeen miles from Kansas City, on the Chicago and Alton Railroad, was selected as the scene of the next crime, and on the evening of October 8, 1879, an attack was made. Like all their preceding train robberies it was a success, and after battering down the door of the express car, Jesse James and "Ed" Miller entered with revolvers in their hands, and compelled Grimes, the messenger, to unlock his safe and give up the contents, variously estimated at from $25,000 to $30,000. This amount sufficed to keep the expensive James family in comfort up until July, when Jesse James, having recovered from a serious wound received in a brawl, planned a train robbery at Winston, a small town on the Rock Island and Pacific Railroad, a few miles beyond Cameron. It is supposed that the robbers boarded the train at Cameron, for at Winston they made themselves known, and proceeded after their accustomed style to rob the train. Conductor Westfall was wantonly shot down, as is now known, by Jesse James, and a train hand named McConnell was also murdered. After securing their booty the robbers took to the woods and escaped in time to rob a Chicago and Alton Railroad train, on the 7th of September, at Blue Cut, within a mile or two of Glendale.

About this time it seems to have occurred to the authorities of Missouri

that patience had ceased to be a virtue, and $10,000 were offered in lieu of the former insignificant sums for either Jesse or Frank James, dead or alive, and $5000 for any other member of the gang. The offer of these large sums of money led to the killing of Jesse James, the story of whose death has recently been given by the newspapers and need not here be repeated.

TAXATION OF BANKS.

SUPREME COURT OF THE UNITED STATES, JANUARY 9, 1882.

Bank of Commerce v. *State of Tennessee.*

The charter of a bank created by the State of Tennessee, provided that it might purchase and hold a lot of ground for use as a place of business, and at pleasure sell the same; and might hold such real or personal property as might be conveyed to it to secure debts due it, and might sell the same. The charter also provided that the bank should pay to the State an annual tax of one-half of one per cent. on each share of capital stock, which should be in lieu of all other taxes. *Held*, that the exemptions from taxation could not be extended to real estate held by the bank beyond its actual wants in carrying out the purposes of its corporation, and that real estate purchased by it at sales, under trust deeds given it to recover debts, was taxable by the State.

Statutes imposing restrictions upon the taxing power of a State, except so far as they tend to secure uniformity and equality of assessment, are to be strictly construed.

In error to the Supreme Court of the State of Tennessee. Sufficient facts appear in the opinion.

FIELD, J.

The plaintiff in this case is a corporation created in 1856 by the Legislature of Tennessee, to engage in the business of discounting notes, buying and selling stock, dealing in exchange and gold and silver bullion, and receiving moneys on deposit. Its charter provides that it "may purchase and hold a lot of ground for the use of the institution as a place of business, and at pleasure sell and exchange the same, and may hold such real or personal property and estate as may be conveyed to it to secure debts due the institution, and may sell and convey the same." The charter also declares that the institution "shall pay to the State an annual tax of one-half of one per cent. on each share of capital stock, which shall be in lieu of all other taxes."

Previous to 1879 the bank purchased with a portion of its capital stock a lot of ground in the city of Memphis, with the improvements thereon, as a place of business, and has held the same ever since. The improvements consist of a three-story brick building, but the bank only uses the first floor for its business and leases out the cellar and the second and third stories to other parties for a money rent.

On the first of January, 1880, the bank was, and ever since has been, the owner of three other lots in the City of Memphis. It had previously made loans to different parties and taken, as security for their payment, a deed of the lots executed to a trustee. The loans not being paid, the lots were sold under the deed and purchased by the bank. The purchase was made solely to secure a part of the debt; and the bank now holds the lots for sale, and will sell them when practicable to restore to its legitimate business so much of its capital as is invested in them.

In March, 1875, the Legislature of the State passed an act defining what property was exempt from taxation by the Constitution, what the Legislature had the power to exempt and did exempt, and what was taxable; and declaring that all other property should be assessed and taxed. In the list of property designated as exempt from taxation, that held by the Bank of Commerce was not mentioned, and the act repealed all inconsistent laws

Under this act, the lot of ground in the City of Memphis, purchased by the plaintiff, with the building upon it, and used as a place of business, was assessed and taxed, in the years 1879, 1880, and 1881, for State and county purposes. The three lots were also taxed in a like manner for the years 1880 and 1881. The taxes were paid under protest and the bank commenced the present suit to recover back the money. It appears to have been treated in the State court as a suit in equity, and the Chancellor sustained a demurrer to the bill and dismissed the suit. The Supreme Court of the State reversed the decree in part, holding that the bank was not liable for the taxes on so much of the lot and building as was used for its business, but was liable for the taxes on the remainder and the three lots. From this latter decree the case is brought to this court by the bank, claiming exemption of the entire property from taxation under its charter.

That statutes imposing restrictions upon the taxing power of a State, except so far as they tend to secure uniformity and equality of assessment, are to be strictly construed, is a familiar rule. Against the power nothing is to be taken by inference and presumption. Where a doubt arises as to the existence of the restriction, it is to be decided in favor of the State. The restriction here, consisting in the declaration that a specific tax on each share of the capital stock shall be in lieu of all other taxes, is accompanied with authority to purchase certain real property, "for the use of the institution as a place of business." The bank had no express authority to invest its capital in real property not required for that use. And it is to be presumed that the exemption from other than the designated tax was in consideration that the capital would be employed for its legitimate purposes. It certainly would not be pretended that the corporation by turning its whole capital into real property and engaging in real estate business, could then, by force of the charter, escape liability to taxation for it under the general laws. But if the exemption could not be carried to that extent, it is difficult to fix any limit to the amount of real property which it may hold thus exempt, unless we take that prescribed by the charter. In our judgment, the limited exemption cannot be extended to property used beyond the actual wants of the corporation in carrying out the purposes of its creation. As well observed by the Supreme Court of the State, the contract of exemption, beyond the extent prescribed, ceased when taxable property was held for any other purpose.

It is true that the capital stock of a corporation may in a general sense be said to be all the property in which the capital is invested, so that an exemption of the capital stock, without other words of limitation, may operate to exempt all the property of the corporation. *Railroad Companies* v. *Gaines*, 97 U. S. 707. But where the purposes for which a corporation may hold property is specified in connection with the exemption, the limitation of taxation designated must be held to apply only to property acquired for such purposes. This we consider to be the general doctrine established by the numerous cases cited by counsel. The case of *State* v. *Commissioners of Mansfield*, decided by the the Supreme Court of New Jersey, is a leading one. There it appeared that the charter of the Camden and Amboy Railroad and Transportation Company, after reserving certain imposts, declared that "no other tax or impost shall be levied or assessed upon the said company." The charter conferred upon the company the general power to purchase, receive, and hold real and personal estate; and it had acquired certain houses and lots in the township of Mansfield, which it let to its workmen and employees. These houses and lots having been assessed for taxes by the authorities of the town, the corporation sued out a writ of *certiorari* to revise their action, claiming that houses and lots were exempt under the provisions of the charter stated. The court in deciding the case, said that the general power of purchasing, receiving, and holding real and personal estate could only be exercised to effect the purpose for which it was conferred by the Government; that the power to construct a railroad and establish transportation lines upon it necessarily included the essential appendages required to complete and maintain such a work and carry on such a business, such as suitable depots, car houses, water tanks, houses for switch and bridge tenders, and coal and wood yards for the fuel used in the locomo-

tives; that these were within a fair construction of the exempting clause, because they were necessary and indispensable to the operations of the company and to the accomplishment of the objects of their charter, but that there must be a limit somewhere to the incidental power of the company to enlarge its operations and extend its property without taxation under the exempting clause, and the court concluded that the limitation must be fixed *where the necessity ends and mere convenience begins;* that the necessary appendages of a railroad and transportation company were one thing, and that those appendages which might be convenient means of increasing the advantages and profits of the company were another thing; that it might be advantageous for the company to purchase land and erect houses for their employees, and establish factories for making their own rails, engines and cars, and even to purchase coal mines and supply itself with fuel, but these are not among the necessary appendages of the company; and that the Legislature, in exempting the company from all other taxes except those mentioned, only intended to include so much property as was necessary and essential to a railroad and transportation business, such as the corporation was created to construct and carry on. The court therefore sustained the validity of the taxes on the houses and lots in question. Numerous other cases to the same purport might be cited. *State* v. *Newark*, 1 Dutcher 315–317; *Vermont Central R. Co.* v. *Burlington*, 2 Williams 193; *Railroad* v. *Berks County*, 6 Barr 70; *Inhabitants of Worcester* v. *Western R. Co.*, 4 Metc. 564. The doctrine declared in them that the exemption in cases like the one in the charter before us extends only to the property necessary for the business of the company, is founded in the wisest reasons of public policy. It would lead to infinite mischief if a corporation, simply by investing its funds in property not required for the purposes of its creation, could extend its immunity from taxation, and thus escape the common burden of government.

As to the property which was purchased by the bank upon the sale under the trust deed, there is less reason to contend for its exemption from taxation. The express authority conferred upon the corporation to hold real property, except that acquired for the use of the institution as a place of business, was limited to such as might be taken as security for debts; while held for that purpose it was subject to taxation as the property of the debtors. Its liability in this respect to bear its proportion of the common burden of government, was not lessened because the bank, deeming it might be more readily disposed of if freed from the debtor's right of redemption, thought proper to purchase in the title. Judgment affirmed.

LEGAL MISCELLANY.

Evidence not Admissible to Change the Meaning of the Acceptance of a Draft, as Apparent on its Face.—On the 25th of July, 1877, L & C drew on H: "You will please pay to E & Q $2583, to be taken from amount of purchase-money of the house purchased by you, when they have entirely completed their contract dated June 18th, 1877." Across the face H, on the 26th of July, wrote: "Accepted; payable when due under the contract, out of the purchase-money." At the same time E & Q receipted as follows: "Received of H his acceptance of L & C's order of $2583, payable when due under the contract out of the purchase money of $4500." On the 16th February, 1878, L & C endorsed on the draft: "The contract of E & Q. dated June 18th. 1877, for painting, glass, and glazing of nine houses on North Boundary Avenue, is completed to our entire satisfaction, according to their specifications." The acceptor refused to pay the draft, and in the action against him he offered evidence of a contract other than that referred to on the draft, between him and the drawers, and of which the payees had no knowledge. *Held*, that no such evidence was admissible; and that the acceptor was liable. *Hunting* v. *Emmart*, 55 Md.

PURCHASE OF STOCK ON MARGIN—EVIDENCE OF MEANING OF "MARGIN"—WAGERING CONTRACT—USURY.—The defendant wrote the plaintiffs, who were stockbrokers in the City of New York—"I want to buy say one hundred shares Union Pacific stock on margin. You will take $1,000 first mortgage N. York & Oswego R. R. and do it?" The plaintiffs replied that they would, and at once bought the stock, and soon after sold it by the defendant's order at a profit. Other stocks were afterwards bought and sold by the plaintiffs for the defendant under the same arrangement, resulting in a final loss, exceeding the value of the security held, and the plaintiffs sued for the balance. *Held*, 1. That evidence was admissible on the part of the plaintiffs to show the meaning of the words "on margin," that term being used by stockbrokers and having acquired a special and well-understood meaning in their. business 2. That the contract not being one for the mere payment of differences, but the defendant having, through the plaintiffs as his agents, actually purchased the stock, which was delivered to them, and which they were ready to transfer to him on payment of the purchase money, it was not a gaming contract. *Hatch* v. *Douglas*, 48 Conn.

The custom of stockbrokers to debit and credit interest monthly, computing interest on balances, does not necessarily involve usury, as the balances may be paid. But if the taking of such interest would be usury, it is only a question of the allowance of it by the court, and does not affect the contract for the purchase and sale of the stocks, as it is wholly outside of it. *Id.*

GUARANTY OF NOTE GIVEN FOR GUARANTOR'S DEBT.—Where a debtor induces his creditor to take in settlement of the indebtedness the note of a third person, with such debtor's guarantee of its payment, not stating the consideration, this is in effect a promise by such debtor to pay his own debt in a particular manner, and is not within the Statute of Frauds. *Eagle M. & R. Machine Co.* v. *Shattuck*, 53 or 54 Wis.

PAROL PROOF OF MORTGAGE DEBT.—If in a mortgage the total amount of indebtedness secured is stated it is not necessary to specify the items of such indebtedness. If there has been no fraud, and subsequent creditors have not been injured by the omission of such specification, the identity of the debt may be established by parol. In making the proof, the debt must come fairly within the general description which has been given, but if it does, and the identity is satisfactorily made out, the mortgage will be sustained. *Wood* v. *Weimer*, S. C. U. S., Oct. Term 1881.

NATIONAL BANK—ASSETS IN RECEIVER'S HANDS NOT TAXABLE.—The personal assets and personal property of an insolvent National bank in the hands of a receiver appointed by the Comptroller of the Currency, in accordance with the provision of section 5234 of the Revised Statutes, are exempt from taxation under State laws. Such property and assets, in legal contemplation, still belong to the bank, though in the hands of a receiver, to be administered under the law. The bank did not cease to exist on the appointment of the receiver. Its corporate capacity continues until its affairs are finally wound up and its assets distributed. *Bank of Bethel* v. *Pahquioque Bank*, 14 Wall. 398; *Kennedy* v. *Gibson*, 8 id. 506; *Bank* v. *Kennedy*, 17 id. 21. If the shares have any value they are taxable in the hands of the holders or owners under section 5219 of the United States Revised Statutes, but the property held by the receiver is exempt to the same extent it was before his appointment. Decree of U. S. Circ. Ct., E. D, Missouri, affirmed. *Rosenblatt* v. *Johnson*. U. S. Sup. Ct.

PROMISSORY NOTE—LIABILITY OF SIGNERS AMONG THEMSELVES.—One who signs a note after it has been delivered, and after the consideration has passed between the original parties, incurs no liability thereon. *McMahan* v. *Geiger*, 73 Mo.

One who signs a note after others, and without any knowledge or explanation as to the character in which they have signed, may assume that they are joint makers, and he will become liable either as surety or guarantor for all of them, but whether as surety or guarantor is not decided. As against him it cannot afterward be shown that one of the original signers was a surety, for the purpose of charging him as a co-surety. *Id.*

NEGOTIABLE INSTRUMENT—DRAFT—ACCEPTANCE.—A promise in writing to pay a draft to be drawn for a sum named is an authority to draw for that sum and no more. If the draft be drawn for more, the promisor will not be bound to pay any part of it. The rule is otherwise in the case of a draft in existence at the time the promise is made. In such case the promise will be treated as a partial acceptance, and the promisor will be bound to that extent. *Molson's Bank* v. *Howard*, 40 N. Y., Sup. 15; *Central Savings Bank* v. *Richards*, 109 Mass. 414; 14 Am. Law Reg. (N. S.) 401; *Weggerstoffe* v. *Keene*, 1 Strange 214; Edwards on Bills 419; Byles on Bills 194; Daniel on Neg. Inst. § 561; *Bissell* v. *Lewis*, 4 Mich. 450; *Nelson* v. *First National Bank*, 48 Ill. 59. Missouri Sup. Ct., Oct., 1881. *Brinkman* v. *Hunter*. Opinion by Hough, J. 73 Mo.

—— BONA FIDE HOLDER—PURCHASE AT A DISCOUNT.—Plaintiff purchased, a short time before maturity, for $30, five promissory notes of $20 each. These notes were secured by a mortgage. *Held*, that a finding of the trial court, in an action on the notes, that plaintiff was not a *bona fide* purchaser, would not be disturbed. The rights of a holder of negotiable paper, purchased before due, are to be determined by the simple test of honesty and good faith on his part in making the purchase. In determining whether the purchaser has acted in good faith or not, the amount of the consideration may become a material inquiry. In *Dewitt* v. *Perkins*, 22 Wis. 474, it was held that purchasing a note of $300 for $50, against a solvent maker, was very strong, if not conclusive, evidence of bad faith. And a like decision was rendered in *Hunt* v. *Sanford*, 6 Yerg. 387, where a note for $333.33 was purchased for $125; and in *Gould* v. *Stevens*, 43 Vt. 125, where a note for $300 was purchased for $50. In some of the cases it is said that the consideration must be full and fair, as well as valuable. *Goldsmid* v. *Lewis Bank*, 12 Barb. 410; *Hall* v. *Wilson*, 16 id. 548. In *Miller* v. *Race*, 1 Burr. 452, the action being for a bank bill that was stolen, Lord Mansfield said: "Here an innkeeper took it *bona fide* in his business from a person who had the appearance of a gentleman. Here is no pretense or suspicion of collusion with the robber, for this matter was strictly inquired into at the trial; and it is so stated in the case." "Indeed, if there had been any collusion or any circumstance of unfair dealing the case had been otherwise." If it had been a note for £1,000 it might have been suspicious; but this was a small note for £2 10s. only, and money given in exchange for it. The same principles were afterward applied by the same judge to negotiable paper, and *Miller* v. *Race* may be regarded as the leading authority upon this branch of the law. Nebraska Sup. Ct., Nov. 12, 1881. *Smith* v. *Jansen*.

GUARANTY—WHEN NOTICE OF ACCEPTANCE NOT NECESSARY—WAIVER OF NOTICE OF DEFAULT OF DEBTOR—RULE AS TO CONSTRUCTION.—The rule requiring notice of the acceptance of a guaranty, and of an intention to act under it, applies only where the instrument is merely an offer, and not where it is made at the request of the creditor, or is for a valuable consideration, or is, in form, a bilateral contract. *Davis* v. *Wells*, S. C. U. S., Oct. Term 1881.

Where the guaranty is expressed to be in consideration of one dollar paid to the guarntor by the guarantee, the receipt whereof is therein acknowledged, it is binding without notice of acceptance. *Id.*

Where a guaranty declares that the guarantor thereby guarantees unto the guarantee unconditionally at all times any advances, &c., to a third person, notice of demand of payment and the default of the debtor is waived, as well as notice of the amount of the advances when made. *Id.*

But a failure or delay in giving such notice, if required, is no defence to an action on the guaranty unless loss or damage has thereby accrued, and then only for the amount of such damage. *Id.*

Notwithstanding the contract of guaranty is the obligation of a surety, it is to be construed as a mercantile instrument in furtherance of its spirit, and liberally, to promote the use and convenience of commercial intercourse. *Id.*

LEGAL HOLIDAYS IN THE UNITED STATES.

For the benefit of our subscribers and readers we have tried to put in a compact, yet accurate form, the regulations existing in each State on the subject of Legal Holidays. This information had not been prepared by any one previous to its appearance in the last number of the BANKER'S ALMANAC AND REGISTER, since which time, by one or two slight corrections, the statement is made to conform to the law in force at the present date.

ALABAMA.—Any paper entitled to grace becoming due on Christmas, July 4, or January 1, is due on the day previous to such day, unless it be Sunday, in which case it is due on the Saturday preceding.

ARIZONA.—January 1, July 4, December 25, and Sunday are holidays. "Any one of the holidays specified . . coming within the three days of grace, shall be counted as one of such days."

ARKANSAS.—Bills . . payable on Sunday, Christmas, or July 4, are payable on the day next preceding, "and in case of non-payment may be noted and protested on the next preceding day," but the holder is not required to give notice of the dishonor until the next day after Sunday, Christmas, or July 4. .

CALIFORNIA.—Sunday, January 1, February 22, May 30, July 4, December 25, and "every day on which an election is held throughout the State," or appointed by the Governor or President for fasting and thanksgiving, is a holiday. If any of these days fall on Sunday, the Monday following is a holiday. Negotiable instruments payable on a holiday, become due "the next business day."

COLORADO.—January 1, February 22, May 30, July 4, December 25, and any day appointed by the Governor or President for fasting or thanksgiving, is considered "as is the first day of the week." If any of said holidays fall on Sunday, then the Monday following is considered "as the said holiday." Notes . . maturing on either of said days are deemed as "having matured on the day previous to the first of said days."

CONNECTICUT.—When a negotiable note . . falls due on the day appointed by the Governor for fasting or thanksgiving, or on January 1, February 22, July 4, May 30, it is payable on the secular day next preceding, but when such day occurs on Sunday, a bill or note becoming due and payable on the following Monday, "shall be due and payable on the business day next preceding such day."

DELAWARE.—Notes due on Christmas, July 4, and the day recommended by the Governor for thanksgiving, must be paid on the secular day next preceding these days.

GEORGIA.—January 1, February 22, April 26, July 4, December 25, and any day appointed by the Governor or President for thanksgiving or fasting, is considered "as the first day of the week," and bills . . presentable on such days are due on the secular or business day next preceding such holidays.

IDAHO.—The law is the same as in Arizona.

ILLINOIS.—January 1, July 4, December 25, and any day appointed by the Governor or President for thanksgiving or fasting, is considered the first day of the week, and notes maturing on these days are deemed as having matured the day previous. Should two or more of these days come together, or immediately succeed each other," then notes are deemed as "having matured on the day previous to the first of said days."

INDIANA.—Sunday, January 1, July 4, December 25, and any day appointed by the Governor or President for fasting or thanksgiving, are holidays, and notes maturing on those days are "deemed as having matured on the day previous."

IOWA.—Sunday, January 1, May 30, July 4, December 25, and any day appointed by the Governor or President for fasting or thanksgiving, are holidays, and notes falling due on those days are "considered as falling due on the preceding day."

KANSAS.—When the last day of grace falls on Sunday, July 4, December 25, January 1, or on any day appointed by the Governor or the President for fasting or thanksgiving, the next preceding business day is deemed the last day of grace.

KENTUCKY.—February 22, July 4, December 25, and all days appointed by the Governor or President for fasting and thanksgiving, are holidays, and considered as Sunday. If any of the days named as holidays occur on Sunday, the next day thereafter is thus observed, "but bills of exchange or other paper may be presented for payment or acceptance on the Saturday preceding such holidays"

LOUISIANA.—January 1, January 8, February 22, July 4, December 25, Sunday, and Good Friday, are "days of public rest." and bills . . are "payable on the second day of grace when the third is a day of public rest, and on the first day of grace when both the second and third are days of public rest." In computing the delay for giving notice of non-acceptance, the days of public rest are not counted; and if the day or two days next succeeding the protest are days of public rest, then the following day is computed as the first day after the protest.

MAINE.—If the third day of grace is Sunday, public fast or Thanksgiving appointed by the Governor and Council, July 4, February 22, Christmas, January 1, two days are allowed. If July 4, February 22, Christmas, January 1, is Monday, and it is the third day of grace, or is Saturday and the following Sunday is the third day of grace, four days are allowed.

MARYLAND.—Notes payable on Christmas, January 1, July 4, February 22, or any day of thanksgiving appointed by the Governor or Legislature, are payable on the day next before Christmas, or other day specified, unless it be Sunday; in that case it is payable on the Saturday preceding. Notice need not be sent until the day next after Christmas, or other day specified, and if that be Sunday, not till Monday. Whenever Christmas or other day specified falls on Sunday, bills . . which may be payable on the Monday following either of said days, are payable on the Saturday next preceding the same, but the notice need not be sent till Tuesday.

MASSACHUSETTS.—Bills of exchange . . payable on Sunday, Fast-day, Thanksgiving Christmas, February 22, July 4, "or on the following day, when either of the two days last mentioned occurs on Sunday, shall be payable or performable upon the business day next preceding said days; and in case of non-payment or non-fulfillment, may be noted and protested upon such preceding day, but the holder . . need not give notice of the dishonor . . until the business day next following the days above specified." May 30, (Decoration Day) is also a holiday.

MICHIGAN.—The statute in this State is somewhat peculiar. January 1, February 22, July 4, December 25, and any day appointed by the Governor or President for fasting and thanksgiving, shall, for the payment of notes . . "be treated and considered as is the first day of the week, commonly called Sunday." When those holidays fall on Sunday, then the following Monday is considered as a holiday.

MINNESOTA.—Bills . . payable on Sunday, Thanksgiving, Good Friday, Christmas, January 1, February 22, July 4, "or on the following day when either of the four days last mentioned occurs on Sunday, shall be payable or performable upon the business day next preceding said days," and in case of non-payment must be noted upon the preceding day, but the notice need not be given until the business day next following the days above specified.

MISSISSIPPI.—When the day for presenting a bill . . for payment is Sunday, January 1, July 4, or December 25, "it shall be presentable on such day next before the day on which by its terms it is presentable, as shall not be one of the days herein specified."

MISSOURI.—January 1, February 22, July 4, December 25, any general State-election day, and any Thanksgiving Day appointed by the Governor or President is a holiday. And when it falls on Sunday the Monday following is considered a holiday. These days are considered the same as Sunday, and bills . . falling due on that day are considered as falling due the next succeeding day, unless it "be a holiday or Sunday, in such case it shall be considered as falling due the day previous."

NEBRASKA.—January 1, February 22, July 4, December 25, and any day appointed by the Governor or President for fasting or thanksgiving, and when any one of these days occur on Sunday, then the Monday following is considered the same as the first day of the week. But if any of these days occur on Monday, notes . . payable on that day are payable on the day thereafter.

NEVADA.—January 1, February 22, July 4, December 25, and "Thanksgiving Day on the proclamation of the Governor" are considered "as is the first day of the week." Three days are allowed, except on sight bills or drafts, and any one of the holidays specified coming within the three days of grace, is counted as one of them. All bills . . payable with or without grace falling due on Sunday or any holiday is due and payable on the day previous.

NEW HAMPSHIRE.—Bills of exchange, . . maturing on Sunday, Thanksgiving, fast-day, Christmas, July 4, February 22, or May 30, "or on the following day, when either of the two days last mentioned occurs on Sunday, are payable and to be executed on the day next preceding, not being one of said days, and may be noted and protested, on such next . . preceding day."

NEW JERSEY.—January 1, February 22, May 30, July 4, Thanksgiving Day, December 25, and any general-election day for members of the Assembly, are legal holidays. When these days happen on Monday bills of exchange payable on that day are payable on Tuesday; and if any of the holidays mentioned happen on Sunday, the Monday following is a legal holiday, and bills becoming due on those days, become due the Tuesday following. When any of said days happen on Sunday or Monday, it is not necessary to give notice of the dishonor until the following Wednesday.

NEW MEXICO.—Sunday, January 1, July 4, December 25, and all days designated by the Governor for fasting or thanksgiving are holidays. Notes becoming due on those days are "payable on the next business day thereafter."

NEW YORK.—January 1, February 22, May 30, July 4, December 25, and general-election day, and any day appointed by the Governor or President for fasting or thanksgiving, shall be considered as Sunday, and notes due on those days shall be presented for payment on the secular or business day next preceding such holidays.

OHIO.—January 1, July 4, December 25, and any day appointed by the Governor or President for thanksgiving or fasting, is considered the first day of the week; but when such a day is the first day of the week, the succeeding Monday is considered the first day of the week. "If the third day of grace be the first day of the week, such demand shall be made on the next preceding business day."

PENNSYLVANIA.—January 1, February 22, July 4, December 25, and any day appointed by the Governor or President for fasting, thanksgiving, "or for the general cessation of business," is a legal holiday, and the same as Sunday. When these days occur on Sunday, the following day is a holiday, and bills . . falling due on that day are due and payable on the Saturday preceding. May 30th, Decoration Day, is also a holiday. But if that day falls on Sunday, the Saturday preceding is to be observed as a holiday, and paper falling due on that day or the Sunday must be paid on Friday or protested on that day.

RHODE ISLAND.—July 4, February 22, May 30, and Christmas, or, when either of these days falls on the first day of the week, the day following it, and such other days as the Governor, or General Assembly, or President, or Congress, may appoint for thanksgiving or fasting shall be holidays. Notes payable on such days are payable on the secular day next previous thereto.

TENNESSEE.—Negotiable paper falling due on January 1, July 4, December 25, or any day appointed by the Governor or President for fasting or thanksgiving, is due on the day previous to such day, unless it be Sunday, in which case it is due on the Saturday preceding.

TEXAS.—The law is the same as in Kentucky, except that January 1, March 2, April 21, and "every day on which an election is held throughout the State," are also holidays.

VERMONT.—January 1, July 4, May 30, December 25, and any day appointed by the Governor or President for thanksgiving or fasting, shall be considered like Sunday. When a bill or other contract subject to grace falls due on Sunday, or a legal holiday, it is considered as due on the next preceding business day.

VIRGINIA.—A bill . . which becomes due on Sunday, is payable and may be protested on the preceding day, and if it becomes due on Christmas, January 1, February 22, or July 4, it is payable and may be protested on the preceding day, and if that be Sunday, then on the preceding Saturday. When a note is thus protested, the notice "need not be given until the first day afterward which is not Sunday, Christmas Day," January 1, Feburary 22, or July 4.

WEST VIRGINIA.—The law is a copy of that of Virginia.

WISCONSIN.—January 1, February 22, July 4, December 25, and any day appointed by the Governor or the President for thanksgiving, and the day of holding the general election in each year, are holidays. When either of said days falls on Sunday, the following Monday is a holiday. Notes . . payable on Sunday or on a holiday are payable on the next preceding secular day.

NEW REVENUE BILL.

The House Committee on Ways and Means have reported the following bill recommending the repeal of the taxes on bank checks, matches, and other articles, and reducing them on other things.

SEC. 1. That on and after the passage of this act, except as hereinafter provided, the taxes herein specified, imposed by the internal revenue laws now in force, be and the same are hereby repealed, namely, the stamp tax on bank checks, maps, orders, and vouchers; the tax on the capital and deposits of banks and bankers under section 3408 of the Revised Statutes of the United States as amended; the tax on the capital and deposits of National banks under section 5214 of said Revised Statutes, not including the taxes on the capital and deposits of said banks, bankers, and National banks for the current six months' period, ending in the case of National banks, on the 30th day of June, 1882, and in the case of other banks and bankers, on the 31st day of May, 1882; the tax on matches, perfumery, medicinal preparations, and other articles imposed by schedule "A" following section 3437 of said Revised Statutes.

SEC. 2. From and after the first day of May, 1882, rectifiers of distilled spirits shall pay a special tax of $120; provided that any person who rectifies, purifies, or refines less than 500 barrels a year, counting 40 gallons of proof spirits to the barrel, shall pay $60; wholesale liquor dealers shall pay $60 and retail liquor dealers shall pay $12; dealers in manufactured tobacco shall pay $2.40; all manufacturers of tobacco shall pay $6; manufacturers of cigars shall pay $6; wholesale dealers in malt liquors, $36; retail dealers, $8.40; brewers, $60; provided that any person who manufactures less than 500 barrels a year shall pay $30. Peddlers of tobacco, snuff, and cigars shall pay special taxes as follows: Peddlers of the first class as now defined by law, $30; of the second class, $15; of the third class, $7.20; and of the fourth class, $3.60. Manufacturers of stills shall each pay $36 and $12 for each still or worm for distilling made by him. Retail dealers in leaf tobacco, $2.50 and 30 cents additional for each dollar on the amount of their sales in excess of $1000.

SEC. 3. On cigars of all descriptions made of tobacco, or any substitute therefor, which shall be sold or removed for consumption or sale, there shall be paid by the manufacturer $5 per thousand; on cigarettes weighing more than three pounds to the thousand, $5 per thousand.

FINANCIAL BILLS AND REPORTS.

The Committee on Banking and Currency have submitted the following reports, the first of which relates to the amendment of sections 5171 and 5176 of the Revised Statutes concerning the circulation of National-bank notes:

The sections of the Revised Statutes which are changed by this bill are the following:

SEC. 5171.—Upon a deposit of bonds as prescribed by sections fifty-one hundred and fifty-nine and fifty-one hundred and sixty, the association making the same shall be entitled to receive from the Comptroller of the Currency circulating notes of different denominations, in blank, registered and countersigned as hereinafter provided, equal in amount to ninety per centum of the current market value of the United States bonds so transferred and delivered, but not exceeding ninety per centum of the amount of the bonds at the par value thereof, if bearing interest at a rate not less than five per centum per annum; *Provided*, That the amount of circulating notes to be furnished to each association shall be in proportion to its paid-up capital, as follows, and no more:

First.—To each association whose capital does not exceed five hundred thousand dollars, ninety per centum of such capital.

Second.—To each association whose capital exceeds five hundred thousand dollars, but does not exceed one million of dollars, eighty per centum of such capital.

Third.—To each association whose capital exceeds one million of dollars but does not exceed three millions of dollars, seventy-five per centum of such capital.

Fourth.—To each association whose capital exceeds three millions of dollars, sixty per centum of such capital.

SEC. 5176. No banking association organized subsequent to the twelfth day of July, eighteen hundred and seventy, shall have a circulation in excess of five hundred thousand dollars.

The purpose of this bill is to place all National banks upon the same footing in reference to the percentage of circulating notes which may be issued to them upon the deposit of Government bonds. In the judgment of the committee there is now no good reason why a bank with a capital of one million dollars, organized at one date, may have a circulation of eight hundred thousand dollars, while another bank, with equal capital, is restricted to five hundred thousand dollars. Under the policy which now prevails of free banking, there should be no discrimination of circulation on account of the amount of capital fund. The margin of ten per cent. affords an abundant security to the note holder in addition to the liability of the shareholders.

This bill meets the disputed question whether, if the public debt at any time falls below par in the market, the Comptroller shall call for additional bonds for the protection of the holders of National-bank notes. By the provisions of the bill circulation can never be issued beyond ninety per cent. of the par value of the bonds, however high a rate of premium they command. But if at any time and from any causes bonds fall below par, then the margin of ten per cent. must be maintained upon the actual market price of the bonds deposited as security.

The other report relates to the taxation by the States of legal-tender notes.

The United States notes, of which $346,681,016 are now outstanding, were issued under the Acts of February 25, 1862, July 11, 1862, and March 3, 1863, which Acts all provided for their reissue as returned to the Treasury, and contained the following provision:

"All stocks, bonds, and other securities of the United States held by individuals, corporations, or associations within the United States, shall be exempt from taxation by or under State authority."

To remove all doubts as to the proper construction of this exemption clause, the Supreme Court of the United States, in 1868, in the case of *Bank* v. *Supervisors*, reaffirmed the principle settled in 1829, in the case of *Preston and others* v. *The City Council of Charleston*, to the effect that obligations or securities of the United States Government are contracts and cannot be taxed under State authority, because it would be a tax on the power of the Government to borrow money; and held that United States notes or greenbacks are securities of the Government, and as such are exempt from taxation. We quote from the opinion of Chief Justice Chase in this case:

"These notes are obligations of the United States. Their name imports obligation. Every one of them expresses upon its face an engagement of the nation to pay the bearer a certain sum. The dollar note is an engagement to pay a dollar, and the dollar intended is the coined dollar of the United States —a certain quantity in weight and fineness of gold or silver, authenticated as such by the stamp of the Government."

* * * * * * * *

"We think it clearly within the discretion of Congress to determine whether, in view of the circumstances attending the issue of the notes, their usefulnes as a means of carrying on the Government would be enhanced by exemption from taxation; and within the constitutional power of Congress, having resolved the question of usefulness affirmatively, to provide by law for such exemption."

"There remains, then, only this question: Has Congress exercised the power of exemption?"

"A careful examination of the Acts under which they were issued has left no doubt in our minds on that point."

* * * * * * * * *

"We have already said that these notes are obligations. They bind the National faith. They are therefore striotly securities. They secure the payment stipulated to the holders by the pledge of the National faith, the only ultimate securiiy of all National obligations, whatever form they may assume."

* * * * * * * * *

"Our conclusion is that the United States notes are exempt from taxation under State authority."—*Bank* v. *Supervisors*, 7 Wallace 26.

It would seem as if the opinion of the United States Supreme Court and the law authorizing the issue of these notes settled beyond question not only that they are exempted from taxation, but also that this exemption is in the nature of a contract which cannot be impaired by subsequent legislation.

The bill referred to the committee proposes to authorize the taxation of outstanding United States notes only when they are redeemable in coin. It assumes that inasmuch as actual payment and cancellation of the notes would terminate all the rights which attach to them, therefore the fact that the Government redeems them when presented, and at once reissues them, answers the same purpose. In the judgment of the committee, so long as the law prohibits the cancellation and authorizes the reissue of these notes, they are in legal effect outstanding, whether in the Treasury or in circulation, and exempt from taxation under a contract which Congress has no power to impair.

Undoubtedly this exemption of greenbacks works more or less inequalities in taxation. In the case of bonds, their exemption from taxation works little injustice, because the nation gets the benefit of a lower rate of interest on its loans in consequence of such exemption. The bondholder simply pays his tax semi-annually by deducting it from his interest. But in the case of United States notes there is no such compensation.

The only remedy that is open is to call in and pay off the greenbacks as well as the bonds, and to cancel them. When the nation in its extremity issued the United States notes as a forced loan, it was expected that they would be funded and promptly paid off at the close of the war. Although given the functions of money by law, by reason of the necessities of the situation, and solely as a war measure, yet no one contemplated that they were to be a per-

manent credit currency. In order to increase their value, they were exempte from taxation, as had been every previous temporary issue of Treasury notes, as well as of bonds.

If the existing issue of greenbacks is to be maintained in circulation, they must be accepted with the exemption from taxation which attaches to them; while National-bank notes and coin will be subject to taxation under State authority.

COINAGE OF THE WORLD.

The following table exhibits the coinage of the principal countries of the World in 1848, and in 1881:

1848.

	Gold.		*Silver.*		*Total.*
		$		$	$
Russia....	17,345,775 roubles =	12,974,638	9,605,556 roubles =	7,184,956	20,159,594
United States....	——	3,775,512	——	2,040,050	5,815,562
Spain...........	——	8,174,526	——	5,964,213	14,138,739
Austria.........	6,116,104 florins =	2,354,700	22,882,940 florins =	8,709,932	11,064,632
Mexico..........	——	3,827,165	——	18,364,719	22,191,884
British India.. ..	7,877,684 rupees =	3,497,692	23,463,660 rupees =	10,417,865	13,915,557
Brazil..........	14,528,925 milreis =	7,918,264	2,217,686 milreis =	1,208,639	9,126,903
Peru............	——	1,247,573	——	3,148,697	4,396,270
Belgium........	4,063,187 francs =	784,195	26,723,920 francs =	5,196,278	5,980,473
France..........	87,012,036 " =	16,948,723	79,112,611 " =	15,268,734	32,217,457
Germany........	1,804,147 marks =	429,387	5,237,744 marks =	1,246,583	1,675,970
Great Britain....	£2,451,999 =	11,932,653	£35,442 =	172,478	12,105,131
Colombia........	549,174 pesos =	513,478	2,122,307 pesos =	1,984,657	2,498,135
Holland...... ...	——	——	14,047,525 florins =	5,408,297	5,408,297
Italy............	6,625,093 lire =	1,278,643	11,123,098 lire =	2,146,758	3,425,401
Other countries..	——	1,327,965	——	3,147,682	4,475,047
Grand total......	——	76,985,114	——	91,610,538	168,595,652

1881.

	Gold.		*Silver.*		*Total.*
		$		$	$
Russia..........	142,648,280 roubles =	106,988,210	43,897,568 roubles =	32,923,176	139,911,386
United State.....	——	56,127,438	——	28,314,765	84,442,203
Spain............	——	1,865,384	——	29,827,635	31,693,019
Austria..........	3,216,230 florins =	1,286,492	64,937,100 florins =	25,974,840	27,261,332
Mexico..........	——	589,161	——	18,246,734	18,835,895
British India	9,060,000 rupees =	3,986,400	28,972,000 rupees =	11,948,680	15,935,080
Brazil....	16,470,506 milreis =	8,976,426	2,745,084 milreis =	1,496,071	10,472,497
Peru............	——	1,897,256	——	3,524,763	5,422,019
Belgium.........	10,724,200 francs =	1,994,701	16,086,300 francs =	2,992,500	4,987,753
France..........	26,810,500 " =	4,986,753	——	——	4,986,201
Germany.........	14,651,242 marks =	3,516,298	——	——	3,516,298
Great Britain....	£35,935 =	165,000	£594,759 =	2,896,473	3,071,473
Colombia........	1,000,000 pesos =	930,000	2,000,000 pesos =	1,860,000	2,790,000
Holland.........	6,242,182 florins =	2,496,873	——	——	2,496,873
Italy............	5,000,000 lire =	965,000	——	——	965,000
Other countries..	——	1,368,945	——	——	1,368,945
Grand total......	——	199,150,337	——	160,005,637	359,155,974

The gold and silver coinage of the countries specified above, in 1854, was $402,693,817; in 1876 it was $376,845,291. There has heen no silver coinage in France, Germany, Holland, Italy, or any of the Scandinavian countries since 1877.

SEMI-ANNUAL DIVIDENDS OF THE BOSTON BANKS.

[Compiled for the Boston *Commercial Bulletin* by JOSEPH G. MARTIN, Stock Broker.]

Names of Banks.	*Capital. April,* 1882.	*Dividends* *Oct.,* 1881.	*April,* 1882.	*Amount. April,* 1882.	*Stock Quot.* *Oct. 1,* 1881.	*Mar. 28,* 1882.
Atlantic National	$750,000	4	4	$30,000	155	155
Atlas National	1,500,000	3	3	45,000	130	125
Blackstone National	1,500,000	2½	2½	37,500	118	113
Blue Hill National	200,000	3	3	6,000	115	113
Boston National	1,000,000	3	3	30,000	132	127
Boylston National	700,000	2½	3	21,000	128	125
Broadway National	200,000	2	2	4,000	100	100
Bunker Hill National	500,000	4	4½	22,500	180	180
Central National	500,000	3	0	——	122	*155
City National	1,000,000	2½	2½	25,000	127	123
Columbian National	1,000,000	3	3	30,000	146	138
Commerce, National Bank of	1.500,000	3	3	45,000	130	130
Commonwealth National	500,000	2½	2½	12,500	130	120
Continental National	1,000,000	3	3	30,000	122	119
Eagle National	1,000,000	2½	2½	25,000	121	121
Eliot National	1,000,000	2½	3	30,000	121	126
Everett National	400,000	2½	2½	10 000	118	117
Exchange National	1,000,000	3	3	30,000	148	130
Faneuil Hall National	1,000,000	3	3	30,000	135	130
First National	1,000,000	5	5	50,000	215	208
First Ward National	250,000	3	3	7,500	120	115
Fourth National	200,000	2½	2½	5,000	111	110
Freeman's National	800,000	3	3	24,000	127	121
Globe National	1,000,000	2	2	20.000	114	121
Hamilton National	750,000	3	2	15,000	124	118
Hide & Leather National	1,500,000	3	2½	37,500	120	117
Howard National	1,000,000	3	3	30,000	131	123
Manufacturers' National	500,000	2½	2½	12,500	112	109
Market National	800,000	2	2	16,000	113	106
Massachusetts National, par $ 250	32,000 shs	$6	$6	19,200	127	120
Maverick National	400,000	5	5	20,000	250	240
Mechanics' National	250,000	3½	3½	8,750	133	130
Merchandise National	500,000	2½	2½	12,500	113	106
Merchants' National	3,000,000	3	3	90,000	150	146
Metropolitan National	200,000	3	3	6,000	125	122
Monument National	150,000	5	5	7,500	208	205
Mount Vernon National	200.000	3	3	6,000	127	130
National Bank of Brighton	300,000	3	50‡	——	107	109
National Market of Brighton	250,000	4	4	10,000	140	140
New England National	1,000,000	3	3	30,000	153	142
North National	1,000,000	3	3	30,000	144	136
North America, National Bank of	1,000,000	2½	2½	25,000	120	114
Old Boston National	900,000	2½	2½	22,500	65	62
Pacific National	961,500	3	§	——	111	*101
People's National	300,000	4	4	12,000	170	163
Redemption National	1,000,000	3	3	30,000	136	136
Republic, National Bank of the	1,500,000	3	3	45,000	132	125
Revere National	1,500,000	2½	2½	37,500	126	118
Rockland National	300,000	3½	3½	10,500	140	135
Second National	1,600,000	3½	4	64,000	154	153
Security National	250,000	†2½	†2½	6,250	190	185
Shawmut National	1,000,000	3	2	20,000	126	121
Shoe & Leather National	1,000,000	2½	2½	25,000	116	111
State National	2,000,000	3	3	60,000	128	125
Suffolk National	1,500,000	2½	2½	37,500	125	122
Third National	600,000	2	2½	15,000	110	102
Traders' National	600,000	2	2	12,000	105	97
Tremont National	2,000,000	2½	2½	50,000	126	124
Union National	1,000,000	3½	3½	35,000	153	150
Washington National	750,000	3	3	22,500	140	139
Webster National	1,500,000	2½	2½	37,500	115	115
Totals, April, 1882	$53,361,500	-	-	$1,488,200	-	-
" October, 1881	52,900,000	-	-	1,485,500	-	-
" April, 1881	52,550,000	-	-	1,463,950	-	-

*$100 assessed per share. † Quarterly. ‡ Closing, first dividend of capital.
§ Paid three per cent. July 1

INQUIRIES OF CORRESPONDENTS.

Addressed to the Editor of the Banker's Magazine.

We regret that our space is too limited for replies to all the inquiries we have received during the month. Those held over will be answered in the next number.

I. Defence in Suit on Collateral Security.

If A indorses negotiable paper before maturity to a bank as collateral security, and makes the indorsement for collection, can the maker claim any offset that he may have against A in a suit brought by the bank on the paper?

Reply.—The books are full of cases touching this question and numerous authorities may be ranged on either side. Daniel has discussed it with his usual clearness and ability, *Neg. Inst.* §§ 820-831. In our August number we discussed the subject at considerable length. Amid the wilderness of authorities we shall turn to the law of Texas whence our question comes, and inquire what is the law there.

In *Greeneaux* v. *Wheeler*, 6 Texas 515, it was held that the transferee of a note taken as collateral security in good faith obtained a good title although the transferer did not have a good one. See *Dan. on Neg. Inst.* § 824 and cases there cited. *Parsons on Notes and Bills*, Vol. I, p. 218, *et seq.*, 2d ed. In the case of the *Railroad Co.* v. *National Bank*, 102 U. S. Supreme Court, p. 125, Judge Harlan said: "According to the very general concurrence of judicial authority in this country, as well as elsewhere, it may be regarded as settled in commercial jurisprudence that where negotiable paper is received in payment of an antecedent debt, or where it is transferred, by indorsement, as collateral security for a debt created, or a purchase made, at the time of the transfer; . . . the holder who takes the transferred paper, before its maturity, and without notice, actual or otherwise, of any defence thereto, is held to have received it in due course of business, and, in the sense of commercial law, becomes a holder for value, entitled to enforce payment, without regard to any equity or defence which exists between prior parties to such paper."

II. Payment of Check.

Kankakee, March 25, 1882.

First National Bank.

Pay to John Doe One Thousand Dollars.

John Doe.

On payment of the above check ought Doe to indorse it, or would the possession of it by the bank without indorsement be considered *prima facie* evidence that he had received the money?

Reply.—Several questions nearly similar have been sent to us during the last six months, to which replies have been given. The custom has become uni-

versal of requiring the holders of checks to indorse them when they are presented for payment or deposit, but there is no statute or legal decision requiring this to be done when they are presented by persons entitled to payment. Doe directs the bank to pay him a thousand dollars. The bank executes his request, and takes the order or check as authority for making the payment. The bank is amply protected, and needs no other receipt or security. See April number of the MAGAZINE, No. V. for a further discussion of the subject.

!III.—INDORSEMENT OF CHECK.

The face of the check was thus written:

TROY, NEW YORK, April 5, 1882.

TENTH NATIONAL BANK, TROY.

Pay to John Hall "or order" one hundred dollars.
$100. JOHN SMITH.

The check was indorsed in the following manner:

John Hall.
Pay to the order of James Woods. O. E. Knight.
Pay Henry Smith, Cashier, or order. Jas. Wood, Cashier.
Henry Smith, Cashier.

If this check is presented for payment and the drawer has sufficient funds to meet it, can the bank refuse to pay unless the holder will indorse it?

REPLY.—We are not sure that we understand perfectly our correspondent's question. He says it is claimed that the teller has no right to dishonor the check because the payee having indorsed in blank, the effect of his indorsement is the same as though the check had been made payable to bearer. Consequently, if it fell into the possession of other persons the drawee could not require an indorsement from the holder before paying it. It will be observed that there are two blank indorsements, one by the original payee and the other by Henry Smith, Cashier. There can be no question whatever that if such a check fell into the hands of subsequent parties, they could demand payment of it without indorsing it, in strict right, if they clearly proved that they were entitled to the money, provided the bank held sufficient funds belonging to the drawer.

It may be observed that the indorsement to James Woods differs in form of signature from his indorsement to Henry Smith. This variation, however, may be explained. Evidence is admissible to explain who the principal is, and for whose benefit the note was really indorsed. See *Baldwin* v. *Bank of Newburg*, 1 Wall. 239, where the subject is fully discussed, and *Dan. on Neg. Inst.*, § 1188.

IV. LIABILITY FOR COLLECTION.

A deposits and receives credit for certain sight drafts on his customer B, who resides at Newark, New Jersey. The bank sends the drafts to a New York bank for collection. Afterward A deposits other drafts, but at his request the bank receiving them sends them to a bank in Newark for collection. The Newark bank seeming to be slow, the bank sending the drafts put them into the New York bank. Again, A deposits other drafts, which, at his request, are sent to the Newark bank for collection. Shortly after sending them the Newark bank failed. In case of loss must it fall on the depositor or on the bank sending the drafts?

REPLY.—On the depositor. A bank receiving paper for collection is generally the agent of the party from whom he receives it (*Daly* v. *Butchers & Drovers' Bank*, 56 Mo. 94), and if he follows the instructions of his principal he is not liable. This the bank did in respect to the drafts in question. Had the New York bank failed after the drafts deposited the second time had been sent to it, contrary to the instructions of the depositor, the bank sending them would have been liable, because it disregarded the instructions of its principal. See *Morse on Banks and Banking*, pp. 385, 417; *Borup* v. *Nininger*, 5 Minn. 523; *Mechanics' Bank* v. *Earp*, 4 Rowle, 384. The case of *Whitney* v. *Merchants' Union Express Co.*, 104 Mass. 152, is worth reading. The analogy between that case and this one is very close. The company was held liable because it did not follow closely the instructions of the drawer who left the draft for collection. See *Dan. on Neg. Inst.*, §§ 347, 348.

V.—PAYMENT OF CHECK.

A sells wheat to B and C, millers, giving the name of Thomas C. Cairns, and receives at different times two checks payable to Thomas C. Cairns. He presents the checks to the bank after indorsing them and receives the money specified therein Soon afterward Thomas E. Cairns, for whom A worked, misses some wheat and claims that the wheat for which these checks were given is his.

Is the bank liable for this loss; if so, to whom must it pay the money?

REPLY.—In the case of the *Merchants' Loan and Trust Co.* v. *Bank of the Metropolis*, 7 Daly 137, it was decided, in an action against the bank on its certification of a check in the hands of an innocent holder for value, that if the name inserted by the maker to designate the payee was fictitious, yet if the person whom the maker intended under that name should be paid procured the certification, and under that name and by the aid of that certification, procured the plaintiff's money, the defendant was liable.

Applying the principle enunciated in that case to the question before us, it is evident that B and C intended to pay the person who sold them the wheat and who called himself Thomas C. Cairns. They gave him an order on the bank for the amount. The bank followed the injunction of the drawers. They paid the money to the person whom B and C intended the bank should pay. The fact that A gave B and C a wrong name made no difference. It was the duty of the bank to pay the check to the rightful payee, that is, the one that the drawers intended. The bank having done this it has no other duty to perform in the premises.

VI. PROTEST.

Our custom, so a correspondent writes, is to admit notaries representing the different banks after the bank has closed to present paper maturing at our office. The conduct of one notary however has been such that he was informed that unless he would conform to the same rules as other notaries he could not be admitted through the back door after bank hours.

After repeated notices of this kind, he is refused admittance, whereupon he presents his paper at our front door after the close of business, "without our being aware of his presence," and in his certificate says, "Presented at the door of said bank where it is payable and being unable to obtain admittance do hereby protest for non-payment, &c."

Is such a protest legal? Are we obliged to admit any notary after the bank has closed except he agrees to conform to reasonable rules?

REPLY.—The law clearly prescribes that when presentment is at the place of business, it must be during the hours when it is customarily open, or at least while some one is there competent to answer. *Lunt* v. *Adams*, 17 Me. 230. It is only when presentment is at a residence that the time is extended to the hours of rest. See *Cayuga County Bank* v. *Hunt*, 2 Hill, 635; *Salt Springs National Bank* v. *Burton*, 58 N. Y. 432. In the case of a bank, presentment should be made during what are termed "business hours." These of course vary in different places, but may easily enough be determined in most cases. The custom to admit notaries at a later time for the purpose of presenting paper was one which the bank had a right to alter or change at pleasure. In no case was the bank obliged to observe it. *Morse on Banks and Banking*, p. 448, 2d ed.

VII. Collateral Security of Bankrupt.

A borrows money of a bank on his promissory note. giving as collateral security a large number of notes taken in the course of his business. He fails about the time his own note matures. but most of the collaterals run from one to three years longer.

In the absence of a National bankrupt law, how shall the bank proceed to collect its claims?

REPLY.—Our correspondent asks in the way of answering his own question, "could the bank prove its claim against the insolvent estate to the full amount of the debtor's note, demand a dividend on this basis, and so be obliged to rely on the collaterals only for the remaining part of the claim, turning over the balance, if any, of collateral proceeds; ór could the assignee of the insolvent estate require the bank first of all to collect the collaterals and apply the proceeds, and then prove only the unpaid balance of A's note?"

As the inquiry comes from Illinois, it must be answered by the law and practice of that State. This question has often arisen under the statutes relating to bankruptcy passed by the States and by the United States. Many of the cases have been collected by Parsons in his work on *Contracts*, vol. 3, p. 511, note s. 6th ed. The Illinois statute provides that "such assignment shall absolutely vest in such assignee all the interest of such debtor in and to the estate so assigned, for the use of the creditors of such debtor, and such assignee shall have full right to sue for and recover the same in his own name as such assignee, and redeem all mortgages, conditional contracts, pledges, and liens of or upon any goods or estate of the debtor so assigned," &c. Rev. Stat., 1881, p. 805, § 10.

There has been no reported adjudication of this statute bearing directly on the question under consideration. In *Talcott* v. *Dudley*, 4 Scam. 427, it was affirmed to be well settled that by a decree of bankruptcy the assignee succeeded immediately to all the rights and interests of the bankrupt, and was affected by all the liens, equities, and incumbrances existing against them in the hands of the bankrupt. He therefore takes the title divested of no lien or equity previously created, either by operation of law, or the act of the bankrupt. See also *Parker* v *Muggridge*, 5 Law Rep. 359. There have been cases relating to mortgages in which the assignees sought to get hold of the property transferred as security, but the courts have decided in favor of the mortgagees. *Bentley* v. *Wells*, 61 Ill. 59; *Cole* v. *Duncan*, 58 Ibid. 176.

In *Stow* v. *Yarwood*, 20 Ill. 497, it was said that every claim due to the bankrupt passes to his assignees, but subject to all equities and defences which existed against them in the hands of the bankrupt. The National Bankrupt Law of 1867 very well provided for all claims of this kind. See Sec. 20. It was drawn broadly enough to permit the assignee under proper regulations to determine with the claimant what course to take in proving such a claim, and collecting the security. In Illinois a practice of some kind has doubtless been adopted, but there have been no judicial decisions that we can discover. The language of the statute would seem to indicate that the assignee was entitled to the security, in which case he would collect it and apply it on the debt of the bank, which in that case must be paid like any other.

Quite recently it was decided in Texas that where negotiable notes were deposited as collateral security for a debt the creditor was not a mere mortgagee or lien holder, who, in case of the death of his debtor, must prove his claim in the Probate Court. He might after his debt was due collect and apply the proceeds to his debt. *Huyler* v. *Dahoney*, 48 Texas 234.

VIII.—Effect of Conditional Acceptance.

What is the effect of a conditional acceptance of a draft, for example, when an individual accepts it making it payable at the bank where he keeps his account? Is either drawer or indorser released by the acceptance of the collecting bank of such a conditional acceptance?

Reply.—Daniel says, "On the offer of a conditional or varying acceptance, if the holder resolve to reject it altogether, he may protest generally, or give general notice of non-acceptance; but if he is willing to accept the offer, he should then give notice of its exact terms to all the parties, and state his readiness to accept the offer if they will respectively consent." *Neg. Inst.*, § 510. In accordance with this rule the bank should notify the drawer and indorser of the offer of the acceptor, and if they consent to it then they are held as though the acceptance were unconditional; but if the bank should omit to do this, *e converso* they must be regarded as released.

IX. Knowledge of Signature.

If a bank issues a draft on itself is it required to know the signature of the payee as it is the drawer of a check?

Reply.—The drawee of a bill of exchange is bound to ascertain that the person to whom he makes payment is the genuine payee, or is authorized by him to receive it. It is no defence against such payee that the drawee in the regular course of business and with nothing to excite suspicion paid the bill to a holder in good faith and for value, under the indorsemennt of a person bearing the same name as the payee. This is the law as declared by the Court of Appeals of New York in the case of *Graves* v. *American Exchange Bank*, 17 N. Y. 205, and has been generally followed by the courts elsewhere.

X. Bond of Indemnity.

If I make my draft read as follows: "Pay this Original Bill of Exchange Duplicate unpaid to the order of" ——, am I not relieved from the responsibility of taking a bond of indemnity in case I issue a duplicate?

REPLY.—In such a case a bond is not necessary to protect the drawer. There is no danger if the duplicate be paid that the drawee will pay the original draft, and if he should happen to do so, through forgetfulness or otherwise, the loss would fall on him and not on the drawer.

XI. LIABILITY OF BONDSMEN.

If a bank clerk is promoted, are his bondsmen liable for any fraud which he may commit while executing the duties of his new office?

REPLY.—Some nice questions have arisen concerning the liability of bondsmen in such cases; but "it is clear," says Morse, "that the directors cannot materially increase the risks against which the bondsmen have consented to give their guaranty, without the assent, express or implied, of the bondsmen themselves. It has been frequently declared, however, that assent to moderate and reasonable alterations or extensions, made in the duties of officers, will be assumed by the law. . . . Assent to any considerable increase of risk can never be implied. The character of the risk can never be materially altered." A book-keeper may keep more books, or a cashier act as teller, without increasing the bondsmen's risk, "but to raise an assistant book-keeper to the office of teller, or to the still higher office of cashier, would assuredly be to vitiate his bond as a security for his good conduct and sufficient skill in his new position." See *Anderson* v. *Thornton*, 3 Q. B. 271; *Grant on Bankers and Banking*, p. 260, and cases cited. "It would be absurd to take for granted that persons willing to guaranty that a man has skill and ability enough to assist in keeping books are therefore willing to guaranty that he has skill and ability enough to be the teller or cashier of a banking corporation." *Morse on Banks and Banking*, pp. 218-224, 2d ed.; *Minor* v. *Mechanics' Bank*, 1 Pet. 46; *Rochester Bank* v. *Elwood*, 21 N. Y. 88.

XII.

If a note was usurious when first made, yet no more than the legal rate has been collected within two years from the time of bringing suit thereon, can the claim of taking usury under the law be maintained?

REPLY.—The section of the Revised Statutes of the United States, to which our correspondent refers, is numbered 5198. It is clearly drawn, and but few questions have been raised in regard to its meaning. In the case of *Shinkle* v. *First National Bank of Ripley*, 22 Ohio 516, a usurious note was paid by the giving of another note which included the whole amount of interest unpaid. But the new note was regarded as a payment of the former note, and not merely a renewal of it. An action was brought on the new note, and the defendant sought to have a deduction made on account of usurious interest taken on the former note. But the court maintained that no action could be brought to recover such interest after the expiration of two years from the date of its payment, the period limited by the National law for recovering back double the amount of usurious interest paid. The meaning of this statute was also discussed in *Cake* v. *First National Bank*, 86 Penn. 303. See *Ball on National Banks*, pp. 196, 197.

XIII.

Is it necessary for a certificate of deposit to be stamped?

REPLY.—No. Last month we answered this differently, but we are not infallible. The law was repealed, and we had forgotten it. A thousand-and-one thanks to the many friends who have reminded us of our error.

CORRESPONDENCE.

USE OF GOLD AND SILVER CERTIFICATES.

LEXINGTON, MO., March 30, 1882.

To the Editor of the BANKER'S MAGAZINE :

If banks and bankers could issue silver and gold certificates against deposits of coin, and keep the coin as a separate and special deposit for the purpose of paying the certificates, the chief objection to metal money, especially silver, would be removed. The certificates would have only a local circulation, and would save some checking. I would try it, but am afraid I would be taxed ten per cent. as for circulation, and would ask the Treasurer's opinion but for the well-known hostility of the Administration to silver.

Respectfully, GEO. WILSON,
Pres. of Lafayette County Bank.

THE ANNOYANCE OF NO-PROTEST COLLECTIONS.

To the Editor of the BANKER'S MAGAZINE :

The annoying class of "no protest" collections has provoked much discussion and complaint among bank clerks.

These drafts are generally "duns," and the merchants upon whom drawn prefer to refuse to pay them, but will, at the same time, remit immediately themselves to preserve their credit. Sometimes they will refuse to honor the collection, with the answer "already paid," though said payment is only made subsequently.

Some banks hold such unpaid collections until the sender redeems them by forwarding twenty-five cents to pay expense of their return.

This rule cannot be followed between banks. Allow me to suggest that upon *all* collections bankers should follow this rule: to inform the drawee whether they are for "protest" or for "no protest."

The latter class would then lose their greatest value, which consists in the belief in the mind of the drawee that they *may* be for protest and for suit if not paid.

Sellers will find that their best plan will be, when drawing "without protest," to give the collecting bank instructions to retain one per cent. if the draft has been collected only after repeated calls or a limited delay.

In all honesty, the collecting bank should notify the drawee whether protest will or will not follow his refusal to pay.

Such a custom will lessen the number of these "dead-head duns." M.

DIVIDEND OF BROKEN BANK.—The Comptroller of the Currency has declared a second dividend of twenty per cent. in favor of the creditors of the Mechanics' National Bank of Newark, amounting to to $521,715.63. The amount of both dividends (forty-five per cent.) declared in favor of the creditors of this bank since its failure in November is $1,173,860.17.

BOOK NOTICES.

A History of the Bank of North America, the First Bank Chartered in the United States. Prepared at the request of the President and Directors, by LAWRENCE LEWIS, JR. Philadelphia: 1882. 8vo, pp. 153 [not published].

This handsome volume is a fitting memorial of the oldest and most justly celebrated bank in America. It had its birth in a trying hour, during one of the darkest periods of the Revolution; indeed, its creation was due to the critical condition of the Government in 1781. Its founders were not moved primarily by the hope of gain; they were inflamed with patriotism, and the bank was organized for the purpose of furnishing aid at a time when public credit was prostrated, and when even the wisest could discern no signs of relief. Robert Morris was the great soul at the head of the movement, though it received the hearty and substantial support of the principal merchants of Philadelphia. The bank volunteered to furnish three million rations for the troops and three hundred hogsheads of rum if a charter were granted, and Congress gladly complied with the offer. You who are not in favor of strict and frequent inspection of banks now-a-days, what do you think of the following articles which were incorporated in the plan submitted by the promoters of the bank to Congress? "Item. That the Board, at every quarterly meeting, shall choose two directors to inspect and control the business of the bank for the ensuing three months. Item. That the inspectors so chosen shall, on the evening of every day, Sundays excepted, deliver to the Superintendent of the Finances of America a state of the cash account, and of the notes issued and received." This was accounted no hardship by men whose energies and hearts were fully given to the rescue of their country from the perils by which she was darkly surrounded.

Its early days were very trying, but the institution overcame every difficulty, ministered very effectively to the necessities of the country, and when ceasing to be a National concern, received a charter from the State of Pennsylvania, and at the close of 1881, completed the first century of its existence. Mr. Lewis has written a very interesting and valuable work; it is adorned with the portraits of all the presidents, fittingly preceded by that of Robert Morris whose eminent services and grand-heartedness in the cause of the Revolution are getting to be more fully recognized. During these hundred years this venerable institution has seen both United States banks rise and retire from the scene; it has witnessed sad calamities in the financial world, and the betrayal of many a trust in other financial concerns, but throughout the entire period no defaulter has stained its own history. Not an ignorant, but an intelligent conservatism has been steadily maintained, which, in a long course, always yields the most satisfactory result.

The Social Law of Labor. By WILLIAM B. WEEDEN. Boston: Roberts Brothers, 1882.

This is a very thoughtful book. Written by a manufacturer, who perfectly understands the situation of the workingmen and that of the capitalists, he

has not contented himself with showing, as most writers on this question have done, the relations existing, or that ought to exist, between the two classes. He goes deeper and shows how greatly indebted are both capital and labor to society. Unless united with a third element, capital and labor can accomplish nothing. The social law adds something at every stage in the process of manufacture, without which the work would be arrested. An illustration by the author himself will give the reader a clearer conception of this important and fruitful idea, and also a glimpse of the writer's style: "You say that you will go to the untracked forest, hew out a deal plank, take it to market on your own shoulders, and prevail over organized industry and commerce, by the labor of your own hands alone. The axe you use is not yours through the essence of labor, though you may have made it with your own hands, instead of buying it in the market. The idea of the axe, its potentiality which enables it to prevail over nature, does not belong to you. This is the result of long generations of development, running from the time of the rudest stone tool to the elegant steel blade which now rings through the pine woods of Maine This belongs to society; neither the laborer nor the capitalist owns this principle, though either may for the moment hold the thing which represents it. You and I, everybody, all acting together, beget a want, a social motive, which, issuing forth, sends the axeman to the tree, the log to the mill, the plank to the joiner, and finally produces this table,—the complex result of the whole movement. The labor theorists and all the economists cannot arrest this progression at any one point, and say, This is labor alone, that is capital alone, that is land (we include all the forces of nature in the element land) alone."

Production therefore is the result of this threefold activity of labor, capital, and social conception. Many interesting historic proofs are drawn from early ideas of persons and property, and the development of the guild and corporation.

The rapidly increasing wealth of capitalists, their monopolies and pools, the unions of workmen, their strikes and riots, are considered in the light of incidents in the development of this mighty problem, rather than conditions which are to remain permament. No specifics are recommended to cure the evils now existing, but studying the question in the light of history, the author sees abundant evidences of progress, and consequently is hopeful of a final answer which shall embody the accumulated wisdom of the world.

The Growth of English Industry and Commerce. By W. Cunningham, M. A., late deputy to the Knightbridge Professor in the University of Cambridge. Cambridge: 1882. [Macmillan & Co.]

This is an excellent book. Numberless works relating to the political history of England have appeared, nor has its religious or social history been neglected; but the industrial, commercial and economic history of England has not received that formal and thorough investigation which its importance demands. Leone Levi's *History of British Commerce* is the only considerable work touching the field beside the one under review, though Frederic Seebohm is toiling in the same direction, and it is possible that T. E. Cliffe Leslie, by whose death Great Britain has lost one of her foremost economic writers, and who for many years had been engaged in writing an economic history of Great Britain,

has left his manuscript in such a condition that a portion of it, at least, can be published.

In the absence of a more elaborate work on the subject, this book is gladly welcomed; and in any event it is sure to retain a permanent place, for not many persons probably will ever care for fuller information than is given by Mr. Cunningham. The book begins with the treatment of property, collective industry, barter and the facilities for exchange, passing on to consider feudalism, the royal power and social changes, Christian morality, and the papal policy; next is brought under consideration the economy established by the State, the subject of competition, capital, mercantile empiricisms, followed by a curious and entertaining chapter showing how the English consciously imitated the Dutch in commercial, financial, and other enterprises; after which comes a discussion of the mercantile system, with a concluding chapter containing some of the more prominent teachings to be drawn from the author's investigations.

There is not a dry page in the book, and we wish we had space for a more elaborate account of it. Instead of giving a general description of the state of society, or of its progress, he has stated the causes which have dominated over industrial and commercial affairs at different periods, and has shown by reference to particular cases the nature of the effects produced by each cause, and, where possible, the length of time during which it continued to operate actively. He thus makes the comprehension of English industrial and commercial life easy to the reader, although the work loses something in vividness from the employment of such a method. This, however, the reader can better afford to lose than the higher ends gained by the adoption of the method which the author has so ably employed. Valuable notes are added and colored diagrams illustrating the growth of population and the National debt, rates of wages, prices of breadstuffs and other matters.

Capital and Population; a Study of the Economic Effects of their Relations to each Other. By FREDERICK B. HAWLEY. New York: D. Appleton & Co., 1882.

This work is a critical analysis of the teachings of Adam Smith, Ricardo, and Mill, on certain leading questions in political economy—capital, wages, trade, rent and taxation. The author maintains that these writers have made false steps in their logic, and consequently have reached conclusions not warranted by their premises. Starting at the same point with them, he goes over the road more carefully, and seeing where they have gone astray and the consequences of their errors, he sticks more closely to the right path until reaching the end.

One impression we get from perusing this book is that the author is an acute thinker, who has studied the matters discussed deeply. The work, however, carries the implication that the truths of political economy are to be ascertained by a logical investigation of a few propositions. This conception of the subject we consider erroneous. The manifold facts of life are to be mastered, and our deductions must be drawn from them. No easier method known to us yields satisfying truth.

This work contains many pregnant ideas, which, whether true or not, stir thought, and are likely to provoke discussion. Thus, on page 132 he says: "The antagonism between labor and capital results wholly from the growth

of class, not of individual, animosities. It subserves the interest of every employer that other capitalists should pay higher wages than he does, and the interest of every laborer that other laborers should work for lower wages than his own. The individual interest of each is really coincident with that of the class to which he does not belong." The work is richly suggestive, and for this reason, as well as others, will reward the thoughtful student.

Money. By GEORGE M. WESTON, Author of *The Silver Question.* New York: Published by Benjamin Homans, 1882.

The first half of this book has already appeared in this Magazine in numbers over the signature of "Observer." The writer maintains that under exceptional conditions a currency may be sound, if consisting of inconvertible paper, but he recognizes the fact that it is the settled judgment of mankind that all paper should be kept at the metallic standard. The method of accomplishing that object which he recommends, is the one adopted in Great Britain in 1844 and since copied in Austria, Germany and Denmark, and which differs radically from the system of a proportion between paper and the specie held for its redemption, which has been generally advocated in this country. In Great Britain it was and is assumed that the paper circulation can never fall below a certain minimum, and to the extent of that minimum the banks are allowed to issue notes without any reserve of specie. For all notes beyond that amount they must hold specie, dollar for dollar. On the British system, and which may now properly enough be called the European system, the volume of money fluctuates only as gold and silver are imported, or exported, or in other words, only as an exclusively metallic money would fluctuate. The writer gives a full account of the discussions which preceded the passage of the British Currency Act of 1844, and of the provisions of that Act. This work is the product of a very thoughtful study of the subject, and whether the reader agrees with the author in his conclusions or not, he is sure to find in these pages many important facts lucidly set forth, accompanied with reasonings and suggestions that are well worthy of candid and intelligent consideration. The work will surely prove very suggestive to the reader himself, which is a great merit in a book of this kind. While the matter of the book thus appeals to the reader, the printer has well performed his part, making a book very convenient in form, and attractive and agreeable to the eye.

Thirteenth Annual Report of the Bureau of Statistics of Labor of Massachusetts. By CARROLL D. WRIGHT, Chief of the Bureau. Boston: 1882.

The great value of Col. Wright's reports no one will question who is familiar with them. Not only are brain and conscience put into them, but an unusual amount of discretion, the lack of which has brought so many somewhat similar undertakings to grief. No one questioned the ability of Col. Wright's predecessor, but the lack of tact in his mode of procedure was not only fatal to himself, but imperilled the very existence of the office. Indeed, many strongly advocated its abolition, but happily there were enough, who saw that the difficulty was not with the department but with its management, to save it. The only thing wanted was a competent captain. The present administration has been so successful and the utility of the Bureau has proved so great that no one ever thinks of abolishing it.

The present report is divided into four parts, the third of which is devoted to an inquiry into the character and condition of the industry of the cities of Lawrence, Lowell, and Fall River. It is well-known that a chronic state of discontent exists among the working people of the latter city, while the opposite condition of things prevails at the former places. Though the subject was a very delicate one to touch, it was handled discreetly, yet thoroughly, and while the result is not very complimentary to the mill owners of Fall River, it is generally acknowledged to be correct.

Part IV on "Wages, Prices, and Profits" is of special value to economists, and, assuming the figures presented to be correct, will help to settle many disputes relating to wages here and abroad, and to the purchasing power of money at different periods of our country's history.

A Treatise on the Law of Stock Brokers and Stock Exchanges. By JOHN R. DOS PASSOS, of the New York Bar. New York: Harper & Brothers.

The need of this book is proved by the fact that it is having a ready sale. A law writer cannot make law, he simply gathers what already exists; but a good law book is a valuable labor-saving instrument. To be worth anything the information must be accurate, conveniently arranged, and well indexed. The above work fulfills these requirements. One of the most elaborate chapters relates to the negotiability and non-negotiability of instruments. The author's position concerning the effect of transferring stock as to third persons is not altogether satisfactory. While admitting that the law is unsettled, it may be questioned whether if stock is not transferred on the books of the corporation issuing it third parties cannot acquire greater rights to it, in suits against the transferer, than the author says they do. Even a slight examination of the work, however, shows that a great deal of labor has been bestowed in its preparation, and we are sure that it will serve a highly useful purpose.

Common-Place Fallacies Concerning Money. By EMILE DE LAVELEYE. London: P. S. King. 1882.

This pamphlet is a republication of what the author first gave to the world a few months since through the *Contemporary Review.* Prof. Price, of the University of Oxford, has replied to him through the same source, and the battle between the two has been watched with interest by many readers. The strong point in the above article is, facts are stated and analyzed; the writer never loses himself in the mists of speculation. If economists will only stick to facts many of the difficulties now vexing their souls will disappear. Our brilliant author lets in a flood of clear white light on the subject of money, and we most heartily recommend the pamphlet to the careful perusal of our readers.

The Statesman's Year-Book. Statistical and Historical Annual of the States of the Civilized World for the Year 1882. By FREDERICK MARTIN. Nineteenth Annual Publication. London: Macmillan & Co. 1882.

This is a very useful book, and has received the unqualified praises of the reviewer. Yet he could not have spent a moment in examining the pages devoted to the United States, for if he had, surely he would have

detected, the most glaring errors. We have space to state only one of them. On page 593 is a table containing the names of the States, their areas and population, followed by a similar table relating to the Territories; after which come these brilliant observations: "The States and Territories here enumerated do not occupy the whole area belonging to the United States. There are besides vast tracts of land described as 'Kansas,' 'Minnesota,' 'Nebraska,' 'Oregon,' not as yet organized." As these "vast tracts" are all States, the youngest, Nebraska, having been admitted into the Union in 1867, and are included in the table first mentioned, it is evident that whoever prepared this portion of the work is deplorably ignorant of the political history and geography of the United States. There is, however, less excuse for this because, when the previous annual appeared containing similar blunders, they were pointed out by a friendly critic. We hardly think these pages were prepared by Mr. Martin himself, for he has long been known as a very accurate and careful workman, and no better proof is needed than that his book has successfully maintained the field against all comers. We imagine that this portion was prepared by another hand, whose incompetence is painfully manifest.

History, Jurisdiction, and Practice of the Court of Claims of the United States. By WILLIAM A. RICHARDSON, LL.D, one of the judges of the Court. Washington: 1882.

This paper first appeared in the *Southern Law Review*, and contains a very interesting account of the origin and history of that important tribunal. Important interests are confided to it, and in view of the possible extension of its jurisdiction, its functions ought to be better and more widely understood. In the next number will be given a letter from Judge Richardson to Senator Sherman relating to the matter.

Bi-Monetism: The Money of Commerce and the Money of the State. An inquiry into their relations to each other, and to gold, silver and paper, as materials for money. By JOSEPH STRINGAM, Oshkosh, Wisconsin: The Oshkosh *Times*.

This is a pamphlet of sixty-four pages, on the last three of which may be found the conclusions at which the writer has arrived from his inquiry. He does not pretend to have put forth any new or brilliant ideas, but rather to have laid before his readers facts and opinions that may aid them in their search for an answer to this question. The work bears internal proof that the writer has studied the subject candidly and faithfully, and we can assure our readers that his production is worthy of perusal.

Report on a Water Supply for New York and other Cities of the Hudson Valley. By J. T. FANNING, C. E. New York: December, 1881.

The Manchester Joint-Stock Banks. By THOS. B. MOXON. Reprinted from the *Manchester Guardian,* March 11, 1882.

Annual Report of the Board of Commissioners of Savings Banks for Massachusetts, 1881. Boston: 1882.

BANKING AND FINANCIAL ITEMS.

GOLD TRANSFERS BY THE TREASURY.—The Treasurer of the United States having been criticised for issuing an order to stop gold transfers to Philadelphia for gold deposited by National banks in New York, has replied that no such order has been issued by him. The order in question was issued in 1879 by the Secretary of the Treasury, and not by the Treasurer, and it was not intended to facilitate transfers of funds for banks, but to extend the benefits of the Act authorizing specie resumption to the public at large by permitting the presentation of United States notes for redemption at the Sub-Treasury in New York and the payment of the gold therefor from the Philadelphia Mint. The language of the order is as follows: "The Treasurer of the United States in this city, upon the receipt by him of a certificate of deposit, issued by the United States Assistant Treasurer at New York, stating that there has been deposited with him legal-tender notes in the sum of $100, or multiples thereof, will also cause to be shipped from the Mint at Philadelphia to the depositor, at his risk and expense, a like amount of gold coin." If the United States Assistant Treasurer in New York has heretofore taken gold under the above authority it has been done without the knowledge of the Treasury Department, and contrary to the express terms of the circular. There is now the Treasurer says, a temporary call for funds made by the Philadelphia banks upon the New York banks to meet April settlements. The banks naturally desire to have the funds transported without expense to themselves. and so complain that they are not permitted to deposit gold under the circular instead of legal tenders, which are scarce. Every public interest is against such a course. The Treasury does not need gold in New York, and all gold paid out in Philadelphia for gold deposited in New York finds its way speedily to the Philadelphia Sub-Treasury, and either accumulates there or must be taken away at the expense of the Government. There is also a scarcity of legal tenders in the New York Sub-Treasury which must be supplied under the circular or sent from Washington at the expense of the United States. The fact that the Treasury during the past year furnished by telegraphic orders more than $52,000,000 of exchange to the business community seems in the opinion of the Treasurer to be a sufficient answer to the charge of a lack of accommodation. If the public interests permitted, the request of the banks would now be complied with.

EXCHANGE OF GOLD BARS.—The Assistant Treasurer at New York is authorized by Act of Congress, hereafter and until otherwise ordered, to exchange, in quantities of not less than $1000 in value, fine gold bars for gold certificates, or for gold coin of standard weight. This will facilitate the export of bullion in place of coin whenever shipments may be demanded, and restrict the minting of coin for manufacturers. The Sub-Treasury has now foreign gold bars in its vaults valued at $2,500,000, but by a requisition from the Secretary of the Treasury it can obtain more from the Assay Office, where they now have more than $40,000,000 in gold bullion.

A NEW BANKING SCHEME.—The *Boston Transcript* on the third of April, in its financial article, made the following statement: "If a scheme now being quietly agitated in influential banking and political circles in New York obtains even a fair prospect of ultimate success, it will have a very important effect upon business and speculation in this country. It is proposed to replace the outstanding Government three-and-one-half-per-cent. bonds, which are now payable at the option of the Government, with an issue of $200,000,000 of legal-tender notes bearing two per cent. interest per annum, which the National banks may count among their assets as legal reserve. This is but an outline of the plan. We have reason to believe that this plan is not only being worked up in New York and Boston, but is before the Cabinet circles at Washington.

Closing of the Credit Lyonnais.—The branch office of the Crédit Lyonnais in New York was closed on the first of this month. When the report was first circulated of the intention of the company to close its branch here, many went to its office and asked for the reasons. They were referred to a statement published in the *Courier des Etats Unis*. Here appeared an article to the effect that the Company of the Crédit Lyonnais had decided to close its branch office in New York because foreign banks were so hampered by American legislation that they found it was no longer remunerative to continue in regular business. The Crédit Lyonnais makes it a rule not to embark in operations productive of uncertain results, in which alone it could do business here with profit, and therefore decided not to wait any longer for legislative reform, which alone could grant it the same conditions that it finds in Europe.

New Mode of Rating Exchange.—The foreign-exchange bankers of New York have been trying to institute a new custom in regard to drawers of documentary bills. Instead of the Bank of England's posted or nominal rate of discount, it is proposed to make a rate which shall more nearly correspond with the actual rates; or, in other words, to make it one-half of one per cent. above the advertised rate made for call money by the leading joint-stock banks in London, this advertised rate being usually about one per cent. below the posted rate of the Bank of England. This movement is not confined to business between this country and London, but bankers in China and the East Indies are also engaged in securing the change in the custom, and it has been resolved to abide by the present custom only until June 15 next; after that day the new method will be adopted.

Payment of the Last Dividend.—William F. Russell, receiver of the Sixpenny Savings Bank, of New York City, which failed about five years ago, recently paid to depositors the fourth and last dividend of $10\frac{55}{100}$ per cent., making in all paid to depositors on their original deposits $85\frac{55}{100}$ per cent.

Mechanics' National Bank of Newark.—When the directors first proposed to revive the Mechanics' National Bank of Newark, President Halsey and Director Stephen H. Condict each agreed to contribute $250,000. The total subscription was about $700,000. The plan was to pay in full all deposits of $200 and under, and to pay all other depositors, except corporations, seventy-five per cent. The corporations were to receive about fifty-eight per cent. The plan was not accepted by all the depositors and stockholders, and then Director Condict refused to pay his subscription, his excuse being that it would leave him penniless. A civil suit was brought against him, and he gave bail in $250,000. He also gave $50,000 bail in a similar suit. He has now consented to pay his $250,000 subscription, director William Clark, who himself has to pay $75,000, having advanced him $125.000 on bonds and mortgages, and the Essex County National Bank and wealthy friends, $125,000 more, also on good securities. The directors have renewed their proposition made to the stockholders last December to pay seventy-five per cent. to all depositors over $200 and 100 per cent. to those having less than $200.

Heavy Bank Claim.—Receiver Frelinghuysen has filed with the assignee of Nugent & Co. a claim of over $2,000,000 in favor of the Newark Mechanics' National Bank.

Cabinet History.—The St. Paul *Pioneer Press*, in commenting on the reappointment of Mr. Knox as Comptroller of the Currency, says that "it may not now be improper to make known a fact, never before made public, that the late President Garfield had originally intended to appoint Mr. Knox to a place in his cabinet, as Secretary of the Treasury. This fact was communicated to Mr. Knox in presence of a citizen of Minnesota by the late President himself, who said that he was only prevented from carrying out his original purpose by the complications, political and geographical, which afterward grew up in filling other places in his Cabinet."

CAPITAL OF SOUTHERN COTTON MILLS.—In the Southern States there are 197 cotton mills, with a capital of $ 16,005,000, and producing $ 24,775,000. Of this amount Georgia has forty-four mills, with a capital of $ 1,090,000, producing $ 6,000,000; North Carolina, fifty mills, with a capital of $ 2,775,000, and producing $ 5,000,000; South Carolina, nineteen mills, with a capital of $ 2,850,000, and producing $ 3,900,000; and Virginia, eleven mills, with a capital of $ 1,250,000, producing $ 2,500,000. This is a very fine showing for the South Atlantic States.

THE DEBT OF TEXAS.—Since the last session of the Texas Legislature the officers of that State have purchased and retired Texas bonds amounting to over $ 1,000,000. The remaining outstanding debt of the State is about $ 4,000,000, and further purchases of bonds for redemption are to be made soon. The latest purchase was $ 442,000 of "long-seven" bonds, due in 1904, without the right to call until due. The transaction was made through the Bank of New York. The price paid for the bonds was at the rate of $ 140 for a one-hundred-dollar bond. The state officers think this is a decided bargain. The bonds still had 22 years to run, and the State by now buying them in saves $ 154 on every one-hundred dollar bond in the matter of interest alone. The Texas newspapers give high praise to President Charles M. Fry, of the Bank of New York, for the favors he has done the State in this and similar affairs.

TAXATION OF RAILROADS IN MAINE.—By virtue of an Act entitled "An Act relating to the taxation of railroads," approved March 17, 1881, the Governor and Council of Maine have ascertained the amount of excise tax for the year 1882, which the several railroad corporations in Maine must pay for the privilege of exercising their respective franchises, as follows: Grand Trunk, $ 12,095.56; Bangor and Piscataquis, $ 250.49; Boston and Maine, $ 18,626.62; Bucksport and Bangor, $ 49.50; European and North American, $ 4,713.92; Eastern, $ 18.652.86; New Brunswick and Canada, $ 40.65; Knox and Lincoln, $ 620.29; Maine Central, $ 28.156.18; Portland Horse, $ 958.14; Portland and Ogsdensburg, $ 1,387.45; Portland and Rochester, $ 1,196.25.

THE FIRST NATIONAL BANK OF BUFFALO.—The First National Bank of Buffalo, which closed its doors April 14th, held $ 70,422.46 of the canal money collected for tolls last year. The amount is secured by a bond for $ 200,000, signed by nine responsible sureties.

CINCINNATI CLEARING HOUSE.—At the seventeenth annual meeting of the Cincinnati Clearing-House Association, the following-named officers were elected to serve for the ensuing year: President, Jas. Espy; Vice President, M. M. White; Committee of Management, W. A. Goodman, Theo. Stanwood, H. W. Hughes; Manager, Geo. P. Bassett.

The aggregate clearings and yearly increase for the past four years is shown by the following:

Years ending March 31.	*Clearings.*	*Increase over preceding year.*	*Years ending March 31.*	*Clearings.*	*Increase over preceding year.*
1879...	$ 508,000,000	———	1881...	$ 758,000,000	$ 149,000,000
1880...	609,000,000	$ 101,000,000	1882...	934,000,000	176,000,000

ASSESSMENT.—Judgment has at length been rendered in the case of *Mr. James Court, assignee of the Mechanics' Bank*, vs. *Mr. F. E. Gilman*, of Montreal, a stockholder, by which the latter is held to pay only the first two of five calls on sixty shares held by him, being twenty per cent. of the par value thereof. The total assessment was for $ 3000; Mr. Gilman pleaded that he was a shareholder for only twenty-six shares, but although documentary proof on this point was not forthcoming, owing to the destruction by some means of a leaf of the register, said to record the purchase of the thirty-four additional shares, the evidence of employees of the bank was deemed sufficient. The Superior Court ruled that the assessment should be paid in full. The defendant then entered a plea of irregularity of notice, and demanded compensation for $ 1300 deposited by him in the bank, and for some $ 50 of the bank's notes held by him at the

time. These pleas were rejected by the court below. The Court of Appeal agreed with the previous rulings as to the matter of compensation, and held that the law clearly stated there could be no transaction of that nature, except between parties who are both solvent. Compensation only takes place between debts of solvent persons, and no claim acquired by a shareholder after the suspension of a bank could be opposed in compensation to the action for calls. The next question was as to the legality of the calls. The assignee first gave notice of the five calls of twenty per cent. each—all in one notice. The decisions in England and in Ontario showed that this was not a valid call, except for the first twenty per cent. However, the assignee repeated the notice before each call. Each call, therefore, would be valid for the first installment mentioned therein if the proper interval had been allowed between the notice and the time of payment. In the first and second cases the time was sufficient, but for the third, fourth and fifth calls the legal notice had not been given. The judgment would, therefore, be reversed in part; the action would be maintained with costs for the amount of the first and second calls, and dismissed as to the balance, with cost of the appeal against the respondent.

—*Montreal Journal of Commerce.*

TENNESSEE BONDS.—New York holders of Tennessee bonds have made a proposition for issue of new six-per-cent. bonds at sixty cents on the dollar on old bonds and accrued interest thereon, including coupons due Jan. 1, 1882; the settlement providing for the acceptance of new bonds, to run thirty or forty years, at the option of the State, and to bear four per cent. interest for the first three years, five per cent. for the next five years, and six per cent. thereafter. It is considered certain that this plan of settlement will be adopted. The outstanding bonds are for $ 1000 each, and bear accrued interest to Jan. 1 last, amounting to $ 390 each. The total debt amounts to $ 27,000,000. Gov. Hawkins says the State has sufficient money now in the Treasury to pay the first year's interest at three per cent.

LOSSES IN THE FRENCH PANIC.—M. Leon Say, Minister of Finance, informed a deputation, that called on him the third of April, that the stockbrokers of Paris had completely recovered their position. Their losses were 130,000,000 of francs. At Lyons the situation was less satisfactory. The liquidation there was not then completed, and the losses amounted to 80,000,000 of francs.

MEXICAN RAILROADS.—Recent reports from Mexico show that the roads already running are paying well. The liabilities of the Vera Cruz or English railway are £ 7,820,780, and the shares are selling in London as follows: Common, 93⅛; debentures, six per cent., 125¼; first preferred, eight per cent., 137¼. For the first half of 1881, the road carried 9184 soldiers, at the rate of 18,368 for the year—the whole Mexican army contains but 20,000. The working expenses are only about forty per cent. of the gross receipts, and the net earnings average $ 10,000 per mile. There is a narrow-guage road in the State of Yucatan, twenty-eight miles long, which cost its owner $ 300,000, and is paying a profit of fifty per cent. The Mexican Government has paid in subsidies the cost of the road besides. So striking has been the success of this line that three lines are projected, to radiate from Merida into the interior—one 115 miles southeast to Valladolid, for sugar and hemp; another south, ninety miles, to Pito, for sugar, twenty miles of which is already built; and the third 105 miles southwest, to Campeche, for its famous woods.

BANKING IN RUSSIA.—Banking business in Russia is said to be of late improving to a marked extent, as compared with the year 1880. One of the institutions, known as the Russian Bank for Foreign Trade, showed at the close of the year 1881 total assets of 60,000,000 rubles, against 25,000,000 at the close of 1880. This, however, was partly owing to the addition of 12,500,000 rubles to the bank's capital. For the London branch of this house the increase of business is indicated by 8,500,000 for 1880 and 13,330,000 for 1881. Another Russian bank shows increased assets of 52,647,000 as against 43,820,000 for the previous year. The deposits have been augmented by nearly 4,000,000.

THE COMPTROLLER OF THE CURRENCY.—The renomination of Comptroller Knox, followed by his confirmation, is unquestionably the best appointment possible to that office. Says the St. Paul *Pioneer Press*, "his long administration of the National banking system has been marked not only by a stainless integrity and by a rigid enforcement of all the safeguards on which the security of the system depends, but by a broad and enlightened comprehension of the principles of safe banking and the conditions of a sound currency which, as illustrated in his annual reports and occasional addresses, have given him a high reputation among leading authorities on scientific finance in this country." With such eminent qualifications for the office, it would have been a misfortune had Mr. Knox been superseded. To the banks that are under his supervision it is of great importance who fills the position of Comptroller of the Currency, and they will heartily rejoice over the renewal of his appointment.

RICH GOLD FIND.—Accidental rich finds of gold still occur in California. Some men who were recently walking along the road on Fray's flat, in Eldorado county, noticed a piece of quartz which had been crushed by a wagon running over it. The specimen was found to contain considerable gold, and the party making further explorations came upon a "pocket" from which they took out in one day what was estimated at from $ 11,000 to $ 13,000 worth of gold.

GLASGOW BANK.—An attachment has been issued in Newark against the property of Adam Pearson, a former resident of this city and at present a property holder here, at the suit of the Liquidators of the City of Glasgow Bank of Scotland. The bank failed about two years ago, and Pearson held stock worth £8000. An assessment of £2750 was made on each £100 of stock. Pearson's assessment was £18,000. He paid £8056 9s. 10d. leaving a balance of £9943 10s. 10d. due. This assessment was made under a clause of the "Companies Act," which makes the stock liable for all the debts of the bank. The sheriff has made the levy. The reduction of the liabilities of the bank effected during the year ending the 22d of October last was £485,058.

THE NATIONAL-BANK AND LEGAL-TENDER CIRCULATION.

STATEMENT of the Comptroller of the Currency on May 1, 1882, showing the amounts of NATIONAL-BANK NOTES and of LEGAL-TENDER NOTES, outstanding:

NATIONAL-BANK NOTES.

Amount outstanding June 20, 1874	$ 349,894,182
" " January 14, 1875	351,861,450
" " May 31, 1878	322,555,965
" " at date *	360,162,320
Decrease during the last month	523,648
Increase since May 1, 1881	8,660,978

LEGAL-TENDER NOTES.

Outstanding June 20, 1874	$ 382,000,000
" January 14, 1875	382,000,000
Retired under Act of January 14, 1875, to May 31, 1878	35,318,984
Outstanding on and since May 31, 1878	346,681,016
On deposit with the Treasurer U. S. to redeem notes of insolvent and liquidating banks, and banks retiring circulation under Act of June 20, 1874	32,930,054
Increase in deposit during the last month	2,966,818
Decrease in deposit since May 1, 1881	3,025,022

* Circulation of National Gold Banks not included in the above, $ 907,979.

NATIONAL-BANK CIRCULATION OF EACH STATE.

Statement of the Comptroller of the Currency, showing by States the amount of National-bank circulation issued, the amount of Legal-Tender Notes deposited in the United States Treasury to retire National-bank circulation, from June 20, 1874, to May 1, 1882, and amount remaining on deposit at latter date.

STATES AND TERRITORIES.	Additional Circulation issued since June 20, 1874.	Legal-Tender Notes Deposited to Retire National-Bank Circulation, since June 20, 1874. For redemption of Notes of Liquidating Banks.	To retire Circulation under Act of June 20, 1874.	Total Deposits.	Legal Tenders on deposit with the U. S. Treasurer at date.
Maine	$1,574,580	$317,000	$764,700	$1,081,700	$225,665
New Hampshire	845,665	72,997	100,800	173,797	68,771
Vermont	2,008,920	441,097	1,753,040	2,194,137	670,651
Massachusetts	25,069,640	234,800	10,912,365	11,147,165	1,656,098
Rhode Island	3,720,920	32,350	2,408,885	2,441,235	1,037,642
Connecticut	4,526,370	65,350	4,041,530	4,106,880	1,287,398
New York	29,452,965	3,000,693	32,257,475	35,258,168	7,559,514
New Jersey	3,077,085	523,603	2,653,137	3,176,740	925,708
Pennsylvania	17,012,610	1,342,426	13,626,361	14,968,787	5,509,650
Delaware	277,275	——	——	——	——
Maryland	2,091,410	166,600	1,718,380	1,884,980	52,627
Dist. of Columbia	457,000	432,664	530,060	962,724	82,526
Virginia	1,178,500	937,369	1,036,010	1,973,379	225,086
West Virginia	271,810	731,060	386,685	1,117,745	104,836
North Carolina	1,235,660	128,200	1,417,585	1,545,785	433,473
South Carolina	189,700	——	1,187,380	1,187,380	114,189
Georgia	628,330	330,925	437,675	768,600	83,961
Florida	72,000	——	——	——	——
Alabama	207,000	90,000	224,100	314,100	90,086
Mississippi	67,500	——	——	——	171
Louisiana	1,668,110	656,413	2,099,250	2,755,663	33,632
Texas	619,150	61,290	319,340	380,630	119,702
Arkansas	171,000	——	171,000	171,000	2,845
Kentucky	4,794,700	629,867	2,400,833	3,030,700	912,148
Tennessee	1,046,770	414,101	551,859	965,960	173,773
Missouri	1,876,860	1,043,450	4,267,135	5,310,585	908,556
Ohio	6,748,500	1,704,597	5,905,789	7,610,386	2,739,191
Indiana	4,094,450	1,473,297	7,904,083	9,377,380	2,346,218
Illinois	3,981,125	2,079,674	7,777,596	9,857,270	1,681,852
Michigan	3,196,790	625,900	3,582,475	4,208,375	1,498,178
Wisconsin	1,430,030	680,860	1,349,589	2,030,449	529,046
Iowa	2,491,900	991,249	1,828,115	2,819,364	589,160
Minnesota	1,300,400	599,495	1,883,445	2,482,940	702,392
Kansas	353,680	781,721	316,550	1,098,271	204,610
Nebraska	293,400	45,000	458,980	503,980	178,205
Nevada	36,000	——	——	——	1,688
Colorado	815,400	219,225	149,400	368,625	84,601
Utah	220,400	161,191	196,800	357,991	11,334
Montana	300,600	116,200	81,000	197,200	37,925
Wyoming	50,600	——	——	——	——
New Mexico	144,000	——	——	——	——
Washington	225,000	——	90,000	90,000	46,955
Dakota	508,500	——	——	——	——
Arizona	30,600	——	——	——	——
California	936,600	——	——	——	——
Oregon	45,000	——	——	——	——
Totals	$131,344,505	$21,130,664	$116,789,407		$32,930,054
Legal-tender notes deposited prior to June 20, 1874, and remaining at that date				3,813,675	
Total deposits				$141,733,746	

JOHN JAY KNOX, *Comptroller of the Currency.*

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from April No., page 803.)

(Monthly List, continued from April No., page 803.)

Bank and Place.	*Elected.*	*In place of*
COL.... First National Bank, Leadville.	F. W. DeWalt. *Pr*.......	F. A. Raynolds.
" .. Stock Growers' Nat'l Bank, Pueblo.	A. V. Bradford, *Cas*.....	F. Rohrer.
DAKOTA First National Bank, Bismarck.	G. H. Fairchild, *Pr*......	G. Mann.
	Asa Fisher, *V. P*.........	....
	W. A. Dillon, *Cas*.......	G. H. Fairchild.
	F. W. McKinney, *A. C*..	....
" .. Merchants' National Bank, Deadwood.	Alvin Fox, *Cas*..........	H. H. Mund.
" .. Farmers and Merchants' Nat'l Bank, Valley City.	J. M. Burrell, *Cas*........	....
	Allyn Warner, *A. C*.....	....
ILL..... First National B'k, Cambridge.	Henry White, *Cas*.......	F. G. Welton.
KANSAS. Elk County Bank, Howard.....	G. W. McKey, *Pr*.......	N. Momma.
" .. First National Bank, Ottawa.	Horace J. Smith, *Pr*.....	A. M. Blair.
	C. C. Minton, *Cas*	H. J. Smith.
KY..... National Bank of Cynthiana.	P. Kirtley, *Pr*...........	H. E. Shawhan.
	John McKee, *V. P*.......	....
MAINE.. First National Bank, Auburn..	L. L. Small, *Cas*.........	J. B. Jordan.
" .. Merchants' National Bank, Bangor.	Albert P. Baker, *Cas*.....	J. R. Holt.*
" .. Norway National Bank........	Henry M. Bearce, *Pr*.....	W. Frost 2d.
MD..... Drovers and Mechanics' Nat'l Bank, Baltimore.	James Carroll, *Pr*........	J. Ellinger.*
MASS... National Bank of the Commonwealth, Boston.	A. L. Newman, *Pr*......	W. A. Tower.
MICH.... First National Bank, East Saginaw.	Clarence L. Judd, *Cas*....	L. A. Clark.
MINN... City Bank, Minneapolis.....	T. J. Buxton, *Pr*........	J. W. Pence.
	R. B. Langdon, *V. P*....	....
	C. McC. Reeve, *Cas*.....	T. J. Buxton.
" .. Pipestone County Bank, Pipestone.	A. H. Merwin, *Cas*......	J. E. Craig.
MO..... Armour Bros. Banking Co., Kansas City.	W. H. Winants, *Cas*.....	....
	L. E. Prindle, *A. C*......	W. H. Winants.
NEVADA Carson City Savings Bank...	Jacob Klein, *Pr*.	....
	John G. Fox, *V. P*..	....
N. H... New Hampshire National Bank, Portsmouth.	E. A. Peterson, *Pr*.......	J. P. Bartlett.
N. Y... Lake Shore Banking Co., Dunkirk.	W. T. Colman, *Cas*......	L. Fullagar.
" .. National Bank and Loan Co. Watertown.	C. A. Sherman, *Cas*......	N. P. Wardwell.
OHIO... South Cleveland Banking Co. Cleveland.	C. P. Jewett, *V. P*......	J. Walker.
" .. Malta National Bank, Malta....	W. P. Sprague, *Pr*......	E. M. Stanbery.
PENN .. Nat'l B'k of Chester Valley, Coatesville.	William Mode, *Pr*......	A. Gibbons.
" .. Nat'l B'k of Fayette County, Uniontown.	Morgan H. Bowman, *Cas*.	A. C. Nutt.
" .. Washington Savings Bank, Washington.	Samuel Workman, *Cas*..	S. Ruth.
	William Workman, *Cas*..	S. Workman.
" .. First National Bank, Wrightsville.	Henry Kauffelt, *Pr*......	B. Evans.

*Deceased.

	Bank and Place.	*Elected.*	*In place of*
TEXAS..	Jones & Hamilton, Caldwell...	Ike Bingham, *Cas*.......	P. M. Hargrave.
VT....	National Bank of Rutland......	John C. Pease, *Cas*......	S. W. Rowell.
W.TER.	First National Bank, Dayton.	John Berry, *Pr*...........	L. W. Wallace.
		J. W. Gray, *Cas*.........	J. Berry.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from April No., page 804.)

NEW YORK CITY	....	American Exchange in Europe; removed to 162 Broadway.
" " "	....	Credit Lyonnais; closed New York office.
" " "	....	Howard Lapsley & Co.; admit Henry Bowers, Jr.
" " "	....	Jesup, Paton & Co.; admit Cornelius C. Cuyler.
" " "	....	L. S. Lawrence & Co.; dissolved. Charles Frazier continues. Style same.
" " "	....	Morrison & Putnam; dissolved.
" " "	....	Soutter & Co.; James T. Soutter retires.
" " "	....	William P. Tuttle & Co.; assigned to Jacob P. Marshall.
" " "	....	Ward, Campbell & Co.; in liquidation.
" " "	....	Wolff Brothers; dissolved. Chas. G. Wolff & Co. continue.
ARIZ...	Phœnix	Agency Bank of Arizona; succeeded by Kales & Lewis.
" ..	Tombstone & Tucson....	Safford, Hudson & Co.; now Hudson & Co.
COL....	Salida..	DeWalt, Hartzell & Co. (Bank of Salida); dissolved.
" ..	Silver Cliff....	Custer County Bank; F. W. DeWalt sells his interest to Hartzell Brothers.
ILL.....	Alton	First National Bank; closing business. Deposits transferred to Alton National Bank.
IND	Indianapolis...	Central Bank; suspended. Arthur Muller, teller, short $30,000.
" ..	Lebanon	Lebanon Bank (A. C. Daily & Co.); now Lebanon National Bank. Same management.
IOWA...	Washington...	First National Bank, No. 398; reorganized as No. 2656. Same title, President and capital.
KANSAS.	Larned........	Cartwright & Co. (Valley Bank); assigned.
" ..	Topeka........	H. R. Prather & Co.; now H. D. Booge & Co.
MICH...	Concord.......	H. A. Wetmore & Co.; now H. A. Wetmore.
" ..	East Tawas....	Benjamin Richards; removing to Romeo.
MINN...	St. Paul.......	Dawson & Co.; now Dawson, Smith & Scheffer. Same partners. Only change of title.
NEB....	Aurora........	McKay, Munger & Wentz; dissolved. Munger retires. Succeeded by Bank of Aurora. T. A. McKay, *Pr.* Thos Nesbitt, *V. P.* W. C. Wentz, *Cas.*
"	Wahoo	Anderson & Griffith; dissolved. Now Henry Anderson.
N. Y...	Buffalo........	First National Bank; suspended.
" ..	Niagara Falls..	Cataract Bank; capital increased from $50,000 to $100,000.
PENN...	Bangor	Bank of Bangor; now First National Bank. Same Cashier and New York Correspondent.
" ..	Freeport.......	Thomas H. Maher; assigned to S. P. McCrea.
" ..	Kittanning	First National Bank, No. 69; now National Bank of Kittanning, No. 2654. Same officers.
" ..	Meyersdale	Philson, Black & Co.; succeeded by Citizens' Bank. Same management.
" ..	Williamsport..	F. R. Weed & Co.; F. R. Weed deceased. Remaining partners continue. Same style.
TENN ..	Knoxville	Mechanics' Bank; now Mechanics' National Bank. Same officers.
TEXAS..	Honey Grove..	A. G. Stobaugh & Co.; closed. A. G. Stobaugh deceased.
W.TER.	Cheney........	Bank of Cheney; (C. G. Linington); succeeded by John C Davenport.
ONT....	Waterloo	Merchants' Bank of Canada; agency closed at this point.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from April No., page 802.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
COL....	Pueblo........	Bank of Pueblo.......... (F. Rohrer & Co.)	Metropolitan National Bank. Frederick Rohrer, *Cas.*
DAKOTA	Billings........	Stebbins, Post & Mund....	H. H. Mund, *Cas.*
"	.. Sanborn.......	Bank of Sanborn..........	Kountze Brothers.
ILL....	Hampshire....	Kane County Bank........ B. S. Parker, *Pr.*	Kountze Brothers. Charles H. Backus, *Cas.*
IND....	Lebanon...... $60,000	Lebanon National Bank.. Americus C. Daily, *Pr.*	Third National Bank. Samuel S. Daily, *Cas.*
IOWA....	Marion.........	A. Daniels & Co...(N. K. Beechley, *Cas.*)	Lincoln Nat. B'k
"	.. Washington... $100,000	First National Bank....... Joseph Keck, *Pr.*	Fourth National Bank W. G. Simmons, *Cas.*
KANSAS.	Centralia...... $15,000	Centralia State Bank...... John S. Hidden, *Pr.*	Bank of North America. A. Oberndorf, Jr.. *Cas.*
MICH...	Ludington.....	George W.,Clayton.......	Chemical National Bank
"	.. Vassar........	Vassar Exchange Bank... (I. Gibbard & Co.)	United States National Bank C. C. Curtis, *Cas.*
"	.. Vernon........	W. D. & A. Garrison.....	Commercial Nat'l B'k, *Detroit.*
NEB....	Albion........	Thompson & Baker.......	Chase National Bank.
"	.. Wakefield......	Wakefield Bank...(W. A. Houts, *Cas.*)	Corbin Banking Co.
N. Y....	Corning....... $50,000	First National Bank...... Franklin N. Drake *Pr.*	.... Oscar W. Bump, *Cas.*
"	. Millerton...... $50,000	Millerton National Bank.. George S. Frink, *Pr.*	Wall Street National Bank. William M. Dales, *Cas.*
"	.. Watertown..... $100,000	Watertown National B'k.. Geo. W. Knowlton, Jr., *Pr.*	National Park Bank. N. P. Wardwell, *Cas.*
PENN...	Bangor........ $60,000	First National Bank....... J. E. Long, *Pr.*	Chase National Bank. Alfred M. Paff, *Cas.*
"	.. Kittanning.... $100,000	Nat'l B'k of Kittanning... James Mosgrove, *Pr.*	.... W. Pollock, *Cas.*
TENN ..	Knoxville...... $100,000	Mechanics' Nat'l Bank.... Thomas O'Conner, *Pr.*	Chemical National Bank. Sam House *Cas.*
TEXAS..	Lampasas.....	P. M. Hargrave...........	Kountze Brothers.
VA.....	Lynchburgh....	Commercial Bank........	Kountze Brothers.
WIS....	Superior....... $60,000	First National Bank....... D. M. Sabin, *Pr.*	.... T. K. Alexander, *Cas.*
WYOM..	Cheyenne...... $200,000	Stock Growers' Nat'l B'k... Joseph M. Carey, *Pr.*	Importers & Traders' Nat'l B'k. Henry G. Hay, *Cas.*

OHIO.—At a recent meeting of the Trustees of the South Cleveland Banking Company the following officers were elected: President, Joseph Turney; Vice President, C. P. Jewett; Secretary, W. H. Lamprecht; Treasurer, James Walker. The Treasurer will be the active officer to whom correspondence should be addressed.

Mr. Lamprecht, while retaining his interest in the above bank, retires from his active connection with it, having formed, under the style of Lamprecht, Hayes & Co., a copartnership for a general banking and brokerage business at No. 143 Superior Street, Cleveland. The firm consists of W. H. Lamprecht, W. J. Hayes, H E. Hayes and G. O. Lamprecht. The Messrs. Hayes have been identified hitherto with the Cleveland Rolling Mill Company, and Mr. G. O. Lamprecht with the First National Bank of Cardington, Ohio. Their New York Correspondents are the National Park Bank and Drexel Morgan & Co.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(*Continued from April No., page 805.*)

No.	*Name and Place.*	*President and Cashier.*	*Capital Authorized.*
2652	Stock Growers' National Bank.. Cheyenne, WYOM.	Joseph M. Carey, Henry G. Hay.	$200,000
2653	First National Bank............. Superior, WIS.	D. M. Sabin, T. K. Alexander.	60,000
2654	National Bank of .... Kittanning, PENN.	James Mosgrove, W. Pollock.	100,000
2655	First National Bank............. Corning, N. Y.	Franklin N. Drake, Oscar W. Bump.	50,000
2656	First National Bank............. Washington, IOWA.	Joseph Keck, W. G. Simmons.	100,000
2657	Watertown National Bank....... Watertown, N. Y.	Geo. W. Knowlton, Jr., N. P. Wardwell.	100,000
2658	Mechanics' National Bank....... Knoxville, TENN.	Thomas O'Conner, Sam House.	100,000
2659	First National Bank............. Bangor, PENN.	J. E. Long, Alfred M. Paff.	60,000
2660	Lebanon National Bank......... Lebanon, IND.	Americus C. Daily, Samuel S. Daily.	60,000
2661	Millerton National Bank......... Millerton, N. Y.	George S. Frink, William M. Dales.	50,000

OBITUARY.

JACOB NACHOD, who died on the eleventh of last month at Leipzig, Germany, of apoplexy of the heart, was a member of the widely-known banking firm of Knauth, Nachod & Kühne, which he had helped to establish in the year 1852, and the German branch of which he directed up to his death. Of late years he had somewhat retired from active business, relegating his work to his only son, Mr. Fritz Nachod, who became a partner of the house in 1878, and devoting himself more and more to the various charitable enterprises with which his name is connected. Mr. Nachod enjoyed a high reputation for probity and sagacity, and his death is mourned by many sincere friends and by the great number of deserving poor whose sufferings he incessantly and unostentatiously strove to alleviate.

The style and character of the firm of Knauth, Nachod & Kühne will remain unchanged, Mr. Fritz Nachod taking his father's place.

DEWITT C. CLARK, a prominent banker at Eau Claire, Wisconsin, died on the 10th of April. He was born in the town of Conesus, Livingston County, New York, May 20, 1831, and was one of a family of nine children. His parents, Jonathan and Mary Clark, were among the first settlers in that region. The father still lives, at the advanced age of eighty-nine years. Mr. Clark remained in his native State till 1856, when he came to Eau Claire, with the late Daniel Shaw, in the employ of his father, who was interested with Mr. Shaw here in the lumber business. He entered into partnership in banking in 1866 with the late C. C. Spafford. After Mr. Spafford retired from the firm Mr. Clark continued the business with O. H. Ingram, the present partner in the firm of Clark & Ingram. He was a highly respected citizen, and successful business man; and always maintained a high character for honor and integrity.

NOTES ON THE MONEY MARKET.

NEW YORK, APRIL 29, 1882.

Exchange on London at sixty days' sight, gold 4.86¾.

While no extraordinary event has occurred in the financial history of the month, there are several movements which deserve mention. The shipments of gold have been light, but they would have been heavier if the balance of trade against us had not been settled with securities. Imports continue very large, and our exports are falling away, so that the balance runs steadily against the United States. So long as securities are taken as payment, the money market is not likely to be disturbed, but when the demand for these shall cease and the shipment of gold begins, that event cannot long continue without producing uneasiness and disturbance. All the gold we have is needed to sustain our paper money, and as soon as foreign demanders begin to cut away that basis several unfavorable effects on the business of our country will inevitably appear.

It may be observed that the stock of gold in the Treasury is steadily decreasing, while that of silver is becoming larger. This is owing to the coinage of silver dollars. On the first of December the Treasury held $178,525,000 in gold, and $97,025,000 in silver. About twelve millions of gold have been lost, while the silver has increased to nearly the same figure. The reason of this is that silver certificates are retired without taking silver out of the Treasury, as they are practically redeemable in gold. For the first quarter of the current year the customs dues received at New York alone were $29,796,000 gold, $2,999,000 legal tenders, $39,000 silver dollars, and $8,000,000 of certificates; in this way the entire outstanding $59,000,000 of certificates could be retired, and they could virtually withdraw that amount of gold from the Treasury.

Our cotton which has figured so largely in the history of our exports, and which has proved so helpful to us in paying for foreign merchandise, is, we fear, to lose something of its power in the future. As we all know the crop was short, and our exports are absolutely and relatively short. "Yet Liverpool," says the *Boston Advertiser*, "reports a stock of 873,000 bales on hand, with 461,000 bales afloat, of which but 221,000 are American. This means that Europe is no longer so dependent upon American cotton as had been supposed, and that not only our merchants but also our cotton producers will have to keep a close eye upon the cotton yield of India, Egypt, Brazil, and other countries. It would be idle to think of reducing our cotton acreage; but the price of the American fibre is likely to be affected rather more than formerly by the competitors who have had such excellent success during the present cotton year." With a smaller income from this source our situation must grow worse.

The loan market is very easy at present, and there is plenty of money seeking investment. Capitalists do not seem to be inclined to put their money permanently into many of the enterprises now in progress, but prefer to loan it on call or take good commercial paper. Time loans on stock collaterals are not

very favorably considered, because lenders do not feel secure respecting the market values of stocks. Hence they exercise extreme caution in regard to the selection of collaterals, and decline to lend on anything near the full quoted prices of the securities offered. Heavy as the decline in stocks has been, the market is by no means settled. It should be noted however that notwithstanding the smaller amounts of grain moved to the seaboard, the net income of the leading railroads shows no notable decline. But new competing lines are nearing completion, whose total cost will be far less than those now existing, and the competition which they will be able to maintain on their much lower capitalization affords not an altogether cheerful prospect to the owners of the older concerns. Thus the value of their securities is rendered uncertain, which is likely to increase rather than diminish in the future.

But there is a new golden supply which is worth considering, namely, the gold brought over by the emigrants who are coming hither in such large numbers. The *London Economist* not long ago published some facts showing that the emigrants who are now leaving Great Britain for this country take with them the average sum of two hundred dollars per head. It further stated that the drain thus occasioned was exhibiting its effects on the English money market. If a million emigrants shall come to this country during the year, each bringing only half the sum above stated, the aggregate would be a hundred million dollars. This would more than offset all the gold we are likely to lose during the year from an excess of imports over commodities exported. It is believed that already since the first of January more than one-third that amount has been imported by immigrants. It is true that the gold thus brought is absorbed in the circulation and does not have the same influence that it would have if held as a reserve for the circulation of paper money, yet it produces a comfortable feeling to know that it is here and that our monetary circulation is enriched by its presence.

While the price of railroad securities seems, on the whole, to be tending downward, that of Government bonds has advanced to a higher point than they ever reached before. The reason for the advance is well understood. The banks held a large amount of the extended bonds to secure their circulation, and as these are being rapidly redeemed, the banks must purchase other bonds or retire their notes. Even a noteworthy premium is offered for the extended fives, because the Government has adopted a policy of not redeeming them until all the extended sixes have been called. All these, however, will be called by the first of September, if the present rate of redemption continues. The necessity of United States bonds to the banks and trust companies, as security for circulation, and for investment of trust funds, is likely to advance these securities to a higher price as the amount becomes more restricted. As an investment for income, these securities are now too high to continue popular with moderate capitalists, and an active shifting of investments will necessarily occur during the coming months of the summer, and in the change that will be made, railway securities of the better class are quite certain to appreciate in value.

Rather than pay the high premium asked for Government bonds, some banks have chosen to retire their circulation. To what extent banks will do this we are unable to judge. Of course, such a policy means contraction of the currency, and this will not be hailed with pleasure by many. The delay of Con-

gress to extend the charters of the banks is not a cheering sign. Several times the Chairman of the Committee on Banking and Currency has tried to get the bill before the House, but opposition has been too strong. The majority have determined not to adjourn until the bill is reached and passed, and they doubtless will succeed; but even if they do, with the high premium on bonds, it is a serious question whether the banks can afford to pay it in order to get them and maintain their circulation.

The reports of the New York Clearing-house banks compare as follows:

1882.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Apl. 1	$312,824,200	$57,373,700	$15,528,100	$284,723,400	$19,954,700	$1,720,050
" 8	314,405,800	57,654,200	14,743,80	286,345,400	20,076,900	811,650
" 15	312,648,200	61,225,600	16,568,900	291,353,400	20,007,000	4,956,150
" 22	309,688,400	64,135,000	18,252,400	293,351,400	19,366,800	9,049,550
" 29	310,989,100	65,989,900	19,218,400	297,250,800	18,942,500	10,895,600

The Boston bank statement for the past four weeks is as follows:

1882	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation*
Apl. 1	$148,515,500	$5,350,700	$3.986,300	$87,333,000	$31,255,500
" 8	148,491,600	5,278,200	3,617,200	89,558,300	31,269,100
" 15	147,116,300	5,130,70	3,779,500	86,850,700	31,235,500
" 22	145,722,000	5,614,500	3,702,700	86,625,800	31,170,200

The Clearing-House exhibit of the Philadelphia banks is as annexed:

1882.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
Apl. 1	$73,923,148	$17,867,272	$65,095,784	$10,605,680
" 8	74,736,368	17,477,375	65,406,996	10,632,896
" 15	74,706,451	17,953,817	66,752,996	10,170,980
" 22	74,911,616	17,893,825	66,564,184	9,941,375

We append the usual quotations of leading stocks for the month:

QUOTATIONS:	*April 6.*	*April 14.*	*April 21.*	*April 29.*
U. S. 6s, 1881, Coup.	101⅛	101¼	101⅛	101¼
U. S. 4½s, 1891, Coup.	115½	116¼	116⅜	116
U. S. 4s, 1907, Coup.	119⅛	120⅝	121¾	121
West. Union Tel. Co.	86	83⅜	82¼	81⅞
N. Y. C. & Hudson R.	130¼	128¾	128	125⅛
Lake Shore	110⅜	107⅛	104⅞	101⅜
Chicago & Rock Island	130	126¼	126⅞	128
New Jersey Central	80¾	76⅛	70⅜	68⅞
Del., Lack. & West.	121¼	119¼	118	118¾
Delaware & Hudson	105	105⅛	104¾	104
Reading	62	58½	56	56⅜
North Western	128½	128	129⅜	128¾
Pacific Mail	39½	39¼	39⅜	39⅝
Erie	36½	35⅝	35⅜	35⅝
Discounts	5 @ 6	5 @ 5½	5 @ 5½	4½ @ 5
Call Loans	4 @ 6	3 @ 5	3 @ 5	2½ @ 3
Bills on London	4.86½@4.89¼	4.86 @4.89	4.86½@4.89½	4.86¾@4.89½
Treasury balances, coin	$92,297,914	$86,166,020	$86,383,681	$87,475,118
Do. do. cur.	$4,020,559	$4,112,938	$3,918,370	$3,924,567

DEATHS.

At BALTIMORE, Md., on April 13th, aged sixty-two years, JACOB ELLINGER, President of the Drovers and Mechanics' National Bank.

At MIDDLEBURY, Vermont, on February 3d, aged fifty-nine years, JOHN L. HAMMOND, President of the First National Bank of Orwell from its orgnization in 1863.

THE

BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XXXVI. JUNE, 1882. No. 12.

PASSAGE OF THE BANK BILL.

The discussion of the Bank Bill by the House revealed a very strong, nay, bitter, hostility to the National system. Excellent as the system is, immeasurably superior to any other the country has ever known, its enemies are neither few, weak, nor silent. Those who spoke against the bill did not utter opinions shared by them alone; they were voicing, as they well knew, the sentiments of a large number of persons living in every section of the country. Doubtless no little demagogueism entered into some of these utterances, yet the fact cannot be ignored that there is a strong opposition to the banks which is not likely to diminish as they increase in age.

This opposition does not originate from any marked defects existing in the present system. It will be readily acknowledged by almost every one knowing anything about the history of American banking, that the present system is a conspicuous improvement over every other that has been tried. The security of the billholder is unquestioned. The advantage of having a currency that will circulate equally well in every corner of the Union is thoroughly appreciated, especially by those who remember the olden time, when State bank bills passed at varying rates of discount, and too often, alas! did not circulate at all. The chief opposition, therefore, is not based on this particular system, so much as it is to granting to any bank the right to issue its own notes and charge a profit thereon. This is the real es-

sence of the hostility to these institutions. Their enemies dislike to have any Governmental authority bestowed on a special class of men whereby they can enrich themselves by the grant. They seem to think that the value of a bank note depends entirely on the act of Government, and they are unwilling to have this authority exercised for the benefit of any class of persons. The fact that all are at liberty to engage in the business makes no difference. If all cannot become interested in National banks, their opponents contend that none should have the privilege.

What they want, or the most of them, is that whatever paper money is needed should be issued by the Government itself. General Buckner is just now the leading advocate of the doctrine. He and his friends will be content with nothing less. Were the banks confined simply to a discount business their opposition would cease at once; it is their right to issue notes which excites the ire of these gentlemen. Failing to accomplish this end, they seek to clog the present system in every way their ingenuity can devise.

The debate, though not lasting long, was instructive. A larger number of facts were presented than is usual in discussions of this kind. This is a hopeful indication that members of Congress are trying to master questions of public finance. Hitherto, their knowledge of them has been deplorably deficient. Many have been drawn from the tortuous paths of the law, manufacturing, mercantile and other pursuits, and they have often frankly acknowledged their ignorance about these matters. This is not so surprising, for until within a few years the management of our public finances was a very easy thing. With no debt to trouble the Government, no National banking system, no internal revenue to collect, no legal-tender currency, there was no occasion for the display of much financial talent, either in Congress or in the Treasury Department. The times have changed, and the most useful legislator is the man who most thoroughly comprehends the numerous and important financial questions that are pressing for a definitive solution. A comparison of the speeches delivered during the present discussion of the Bank Bill with the speeches made when the bill was first introduced, plainly shows what a better knowledge Congressmen possess of the machinery, advantages and history of banking than they had on the former occasion.

We wish we had space to give an outline of the discussion, but we have not. The most valuable contribution to the debate, it is not too much to say, came from the Chairman of the Committee on Banking and Currency, Mr. Crapo, who had charge of the bill. It is replete with facts which will repay attentive study, and it ought to be widely circulated. Many an erroneous idea concerning the National banks is exposed and corrected in this speech.

Period of six months ending—	Number of banks.	Capital.	Surplus.	Total dividends.	Total net earnings.	Ratios.		
						Dividends to capital.	Dividends to capital & surpl's.	Earnings to capital & surpl's.
						Per cent.	Per cent.	Per cent.
September 1, 1869...	1,481	$401,650,802	$82,105,848	$21,767,831	$29,221,184	5.42	4.50	6.04
March 1, 1870.......	1,571	416,366,991	86,118,210	21,479,095	28,996,934	5.16	4.27	5.77
September 1, 1870...	1,601	425,317,104	91,630,620	21,080,343	26,813,885	4.96	4.08	5.19
March 1, 1871.......	1,605	428,699,165	94,672,401	22,205,150	27,243,162	5.18	4.24	5.21
September 1, 1871...	1,693	445,999,264	98,286,591	22,125,279	27,315,311	4.96	4.07	5.02
March 1, 1872.......	1,750	450,693,706	99,431,243	22,859,826	27,502,539	5.07	4.16	5.00
September 1, 1872...	1,852	465,676,023	105,181,942	23,827,289	30,572,891	5.12	4.17	5.36
March 1, 1873.......	1,912	475,918,683	114,257,288	24,826,061	31,926,478	5.22	4.21	5.41
September 1, 1873...	1,955	488,100,951	118,113,848	24,823,029	33,122,000	5.09	4.09	5.46
March 1, 1874.......	1,967	489,510,323	123,469,859	23,529,998	29,544,120	4.81	3.84	4.82
September 1, 1874...	1,971	489,938,284	128,364,039	24,929,307	30,036,811	5.09	4.03	4.86
March 1, 1875.......	2,007	493,568,831	131,560,637	24,750,816	29,136,007	5.01	3.96	4.66
September 1, 1875...	2,047	497,864,833	134,123,649	24,317,785	28,800,217	4.88	3.85	4.56
March 1, 1876.......	2,076	504,209,491	134,467,595	24,811,581	23,097,921	4.92	3.88	3.62
September 1, 1876...	2,081	500,482,271	132,251,078	22,563,829	20,540,231	4.50	3.57	3.25
March 1, 1877.......	2,080	496,651,580	130,872,165	31,803,969	19,592,962	4.39	3.47	3.12
September 1, 1877...	2,072	486,324,860	124,349,254	22,117,116	15,274,028	4.54	3.62	2.50
March 1, 1878.......	2,074	475,609,751	122,373,561	18,982,390	16,946,696	3.99	3.17	2.83
September 1, 1878...	2,047	470,231,896	118,687,134	17,959,223	13,658,893	3.81	3.04	2.31
March 1, 1879.......	2,043	464,413,996	116,744,135	17,541,054	14,678,660	3.78	3.02	2.53
September 1, 1879...	2,045	455,132,056	115,149,351	17,401,867	16,873,200	3.82	3.05	2.96
March 1, 1880.......	2,046	454,080,090	117,226,501	18,121,273	21,152,784	3.99	3.17	3.70
September 1, 1880...	2,072	454,215,062	120,145,649	18,290,200	24,033,250	4.03	3.18	4.18
March 1, 1881.......	2,087	456,844,865	122,481,788	18,877,517	24,452,021	4.13	3.26	4.22
September 1, 1881...	2,100	458,934,485	127,238,394	19,499,694	29,170,816	4.25	3.33	4.98

The foregoing table, showing the profits earned by the National banks, first appeared in one of the reports of Comptroller Knox, but at this time when the subject is undergoing fresh discussion, it is worth giving in order to silence those who are distressed over the huge profits earned by these institutions.

The bill reported was amended in several ways, but unfortunately not improved. It is to be hoped that most of the amendments will be rejected by the Senate, and that ultimately the bill will pass in such a form as to give the banks a fair chance to prove their utmost usefulness to the country during the next twenty years. Congress should not adjourn until the measure is perfected, and happily it is reported on the best authority that no adjournment will take place until this end is accomplished.

NEGLIGENCE OF BANK DIRECTORS.

Once more we are treated to a startling illustration of a bank having Directors who did not direct. The First National Bank of Buffalo, under the prudent management of its former President, Charles T. Coit, flourished, and won for itself a just reputation as a sound and prosperous concern. In six months, under different management, Mr. Coit's successor has wrecked the bank, and so total is the failure that all thought of restoration has been abandoned. This seems an incredibly short time to work so much evil, yet no one doubts the soundness of Mr. Coit's management, and all perceive the hopelessness of the bank's present situation. How was it possible for the President to cause such utter ruin in so short a space?

It will not be questioned that banks, not infrequently, are under the management of one man and must necessarily be. It is a business, the most important part of which must often be confided to one individual. The granting of discounts is the most delicate and important function of a bank, and its success depends chiefly on the making of these. Now the soundness or unsoundness of individuals is a kind of knowledge which all the Directors of a bank cannot be reasonably expected to possess, and therefore they must rely very largely on the knowledge of one or two individuals who are engaged in its management. Such a policy is inevitable. The Directors have neither the time nor the facility for investigating the wealth, character, and prospects of every man who applies for a loan. They have their own business to manage, and in most cases they are so fully engrossed with this they have but little time to devote to other affairs.

This is especially true of Directors of banks located in the larger cities. They do, however, profess to employ a person who is competent to investigate the soundness of those applying for loans, and who exercises the utmost care in recommending or granting them. Nor will it be questioned that the person thus employed, whether Cashier, Vice-President, or President, is usually worthy of the trust confided in him.

While it is clear then that the business of discounting is often confided largely by the Directors to one man, whose judgment they accept, they have another duty to perform, for neglecting which there is in no case any excuse. That duty consists in maintaining the law under which the bank exists. For example, the law relating to National banks explicitly says that no association shall loan money to any person, firm, company, or corporation more than one-tenth of its capital stock. No matter how abundant may be the resources of a borrower, or upright his character, here is a plain limit to the power of a bank to loan money to such an individual; and if at any time the manager should seek to grant loans beyond the amount prescribed by law it is the obvious duty of the Directors to prevent a violation of the statute. Here, therefore, is a supervisory power delegated to the Directors which they have no right to disregard. Loans may sometimes be granted to persons who are unable to pay them, mistakes of this kind will occasionally be made, even by the wisest judges of men and of the future, but if Directors performed their well-understood duty of confining all loans strictly within the law, the heavy and sad defalcations which now and then happen would not occur. In the Mechanics' Bank at Newark, in the Pacific at Boston, and in this at Buffalo, the same thing happened. The Directors did not perform their duty. They suffered the manager to loan to one individual in each case far beyond the legal amount, and said nothing. In each of these cases the borrower might have failed, but if the bank had loaned not exceeding one-tenth of its capital stock, a total collapse would not have followed. Of course, it is said that the Directors did not know in either case what the manager was doing, nor did they have full knowledge; but they had some, enough to know that the bank was loaning far more than it ought, and this they never should have permitted.

In the case of the Buffalo bank, the Examiner, after giving an account of enormous loans to one concern, Herman J. Hall & Co., besides alluding to "other instances of a reckless disregard of the interests of depositors in making loans to irresponsible parties without proper security," adds "in making these or any other loans Mr. Lee [the President,] did not consult with the Directors and never called them together for any such purpose. Nor does it appear that any

of the Directors at any time asked for or made any examination of the bank or its loans. Even the Cashier, Mr Theodore S. M. Knight, was regarded as simply a clerk and that gentleman alleges, as a reason for his resignation a few days before the bank was closed, that he became alarmed by the reckless character of the loans made to Herman J. Hall & Co., above referred to." Thus if the statement of the Examiner is to be trusted, and no contradiction has appeared, this Board of Directors were literally dummies, leaving the entire management of the bank to its President, who in utter disregard of law gutted it in a few brief months for the benefit of a single customer.

What shall we say of Directors who are so unmindful of their duties? Ought not they to be punished? It may be asked, why did the stockholders choose them? but the reply may be made, they supposed the Directors were performing their duties. The latter had certain specific duties to discharge which they were not justified in neglecting. They had no right to leave the management of the bank entirely to the President. In every case it is the duty of the Directors to know about its affairs and to keep its business within the law. Is it not time to make an example of Directors who, without any excuse whatever, deliberately and constantly neglect to execute the duties which they have taken their oaths that they will "diligently and honestly" perform?

ON THE PRINTING AND DISTRIBUTION OF PUBLIC DOCUMENTS.

The present system of printing and distributing public documents is very imperfect, and it would be easy to effect a great improvement. It would be more difficult sometimes to decide what to print than how to distribute the matter printed; yet in both regards our system can be improved, as we shall proceed to show.

The matter printed is of two kinds, the printing of the one kind being essential, the other optional. The annual reports of the heads of the departments, and of subordinate officials, all reports pertaining to the working of the Government in its various branches, the debates of Congress, and the reports of committees,—all this matter is interesting and valuable, and the publication of it is required for the better ordering of public affairs. But many special investigations are undertaken, the proceedings of which not infrequently are very voluminous, though not invested with

general or permanent interest. For example, the evidence taken by committees of Congress in election cases is not of sufficient value to warrant the printing of it, either for the use of members of Congress, or the solitary reader here and there who might possibly read a page or two of it were it put before him. If the report of the committee were printed, this, in almost all cases, would be sufficient to guide either branch of Congress in reaching a conclusion; and if at any time the report of the evidence were desired, it could be produced. Beyond doing this nothing more is required. Hundreds of special investigations have been made by Congress, yielding no fruit. The only object in printing the history of them was to convince those who might read that nothing had been accomplished; but surely such a result can always be heralded in a few words.

Then there are many special reports made by individuals, possessing the smallest value. In some instances persons have written books, and not finding publishers foolhardy enough to publish them, well knowing they would not be bought, have succeeded by arts unknown to the public in putting them under official wings, where they have been hatched into print in due time. Others still more fortunate have succeeded in securing their appointment to make investigations that were not needed, the needlessness of which, if possible, was rendered still more apparent when the printed result appeared.

It is not so easy to devise a mode of determining which of such special reports should be printed; yet a very little study would result in framing practical rules of easy application in most cases. It would be entirely safe to keep very many of them out of the printing office. No valuable light would be lost in so doing, no reputation would be made or unmade, the manuscript could be preserved, and this would be more than enough. In the distant future when the patient and untiring historian was groping amid these dusty accumulations, if happily he might discover at least a slight shred of fact to weave into his work, his astonishment would rise higher and higher until he was finally led to exclaim why the manuscripts even were preserved.

In distributing these documents it is easy to suggest a better way than the existing one. A side thought, however, in this connection, may be first thrown out in passing.

Congressmen are getting too much in the habit of assuming that these documents which are printed at public expense, and for the public good, are their own individual property. This assumption is altogether erroneous. They are merely the agents for distributing them, and are not in any sense the owners. Yet the practice has grown of

late, not only of claiming ownership, but of actually selling them, and a class of book brokers has sprung up who buy them and sell them to the booksellers. In this way many of the books possessing the most value get into the hands of the public. The patriotic and impecunious Congressman who is intent on earning the largest dividends, takes the public property committed to him for distribution and sells it, either pocketing the money or spending it to re-elect himself to Congress; or paying for his soda water. This is one of the strong proofs of the high tone prevailing among some of our National representatives.

For a long period the practice has prevailed in England of selling the public documents at a low figure, enough to pay a portion of the expense of printing. Suppose the practice were adopted here, what would be the result?

It would then be clearly ascertained what documents ought to be printed, and what not. Suppose that not twenty copies should be sold of the evidence in an election case, would not the proper inference be that it were a sheer waste of money and labor to print such matter? The same thing might be said of other reports. If no one cared enough about them to buy them at a small price, surely they would not be read if sent as a gift. Why then should they be printed at all? Books never read ought not to be printed; nothing can be clearer than this.

Again, those who did want any of the books printed would be able to get them at a low price which they would willingly pay. Thus the public documents would fall into the hands of those who would profit by them; just where they ought to go. Now, too often they fall into the hands of those having no appreciation whatever for them, except their value for paper stock. Thousands of tons of really valuable documents have found their way to the paper mill which, had they come into the possession of those who desired them, would have been carefully preserved. The quantity destroyed every year is very large, and this is either because they are worthless, or because they were sent to persons who did not prize them. Print only useful documents and provide a way of getting them into the hands of those who would value them, and paper mills would be obliged to draw from other sources for their materials.

Moreover, if something were paid for these publications, in many cases they would be valued more highly. As they are at present given away, not a few suppose the reason to be, because they are not worth much. If a farmer were obliged to pay twenty-five cents for his agricultural report, perhaps fewer copies would be distributed, but they would be more generally read. Free books, like free air and water, are not appreciated; if these things cost something how quickly would our appreciation of them rise.

A very simple plan might be devised for distributing them. Printed lists could be prepared annually, or oftener if necessary, of the books published by the Government with the prices annexed, and these lists could be put in convenient places in all the post offices. A person desiring any of these publications might signify his desire to the postmaster who should be required to send for them on receipt of the price. Of course, such a system would require a little more work on their part, but the book-buyers would get what they desired with the very least trouble to themselves.

Is it not apparent that a system somewhat like this would be a great improvement over the wasteful, ridiculous system now existing?

RUSSIAN FINANCES.

The pleasure derived in studying the history of our finances is enhanced by extending our view and contrasting them with the finances of other nations. These glimpses are occasionally seen by our readers; and we are now going to review briefly the financial condition of Russia.

In 1875 the finances of that Empire were restored to a considerable degree from the shock sustained by the Crimean war. After a long succession of heavy deficits the account for that year showed a balance on the right side; that the revenue exceeded the expenditure. The cheerful prospect, which had at length appeared, was soon obscured by the commencement of hostilities against Turkey. Since that event the condition of the treasury has been steadily growing worse. Here are the figures, expressed in roubles, of the receipts and expenditures since 1875.

Year.	Income. Roubles.	Expenditure. Ordinary. Roubles.	Expenditure. Extraordinary. Roubles.	Total. Roubles.	Excess of expenditure. Roubles.
1875..	576,493,000	543,317,000	——	543,317,000	surplus 33,176
1876..	559,263,000	573,107,000	51,000,000	624,107,000	64,844,000
1877..	548,830,000	585,045,000	429,330,000	1,014,375,000	465,544,000
1878..	625,973,000	605,511,000	408,140,000	1,013,651,000	387,678,000
1879..	661,954,000	643,892,000	132,110,000	775,002,000	113,048,000
1880..	651,017,000	694,505,000	54,818,000	749,323,000	98,306,000

To this deficiency, large as it is, must be added the emissions of paper money. In 1875 the note circulation of the Bank of Russia was 711,600,000 roubles. How the circulation has increased may be learned from the following table:

Date.			Amount of circulation. Roubles.		Date.			Amount of circulation. Roubles.
1875	End of	December..	711,600,000	....	1880	End of	June......	1,095,000,000
1878	"	November..	1,222,000,000	....	"	"	December..	1,104,000,000
"	"	December..	1,178,000,000	....	1881	"	June......	1,114,000,000
1879	"	June......	1,132,000,000	....	"	"	December..	1,134,000,000
"	"	December..	1,147,000,000					

It will be seen that the circulation has increased since 1875 more than 400,000,000 roubles. Adding this sum to the deficencies in the budget since 1875, and the total expenditure over revenue is 1,529,000,000 roubles. This would be an enormous addition to the debt of any country, but especially to Russia, for she is not rich compared with several others.

The annual charge in the budget for 1875 to pay interest on the debt was 173,474,000 roubles, but this sum has increased more than sixty per cent. since that time.

The failure to raise a revenue equal to the expenditure for so long a period has seriously affected the National credit. Not only is the paper money of the Empire at a heavy discount, thirty-per-cent. or more, but the power of Russia to borrow has been greatly impaired. Internal loans she has been able to raise by various devices; and with the aid thus afforded, she has continued on her desperate course. But abroad her borrowing power has been seriously shaken.

There is, however, one benefit accruing to the people from this enormous indebtedness and the severe burden of taxation they are compelled to bear. It checks the military spirit, not from inclination, but from necessity. There is a restless party eager for war, who are constantly trying to stir up the nation to engage in strife, but those highest in power well know how exceedingly difficult it would be to raise the means necessary to prosecute a lengthy struggle. This is, indeed, a heavy price to pay for peace. Yet it is far better to pay it than to fight. The financial chain which now binds Russia down to peace, though never so unwillingly, it is to be hoped is strong enough to keep her bound until her rulers can learn there is greater glory in cultivating the arts of peace than in wasting the lives and property of the people in war.

A Profitable Investment.—The Clerk of the United States Circuit Court for the Second Circuit, received $107,265.65 about three and a half years ago as security for the payment of duties on imported silks, for which the Government had brought suit against Benjamin H. Hutton and others. Money deposited with the Clerk is usually kept in a bank, and draws at most only two per cent., but the amount in this case was so large that Judge Blatchford was applied to for permission to invest it in Government bonds. Four-per-cent. bonds were bought, the price being only a little above par. As interest accumulated it was reinvested every three months, also in Government bonds. The suit has just been compromised for $45,000, and it is found that the money deposited now amounts to $147,217.93, an increase of about thirty-seven per cent., or about eleven per cent. a year. Clerk Joseph M. Deuel announced this fact to the importers, and they received within $8000 of as much money as they had deposited after having paid the amount of the judgment.

THE LATER HISTORY OF OUR COINAGE.

It has been shown in previous numbers of the Magazine that for several years after establishing the mint and regulating the coinage, the market proportions of gold and silver abroad and at home corresponded with the mint proportions, so that both metals circulated at the legal ratio. Neither one was worth for exportation more than the other; an eagle and ten dollars were convertible terms, and at the banks either could be obtained in exchange for notes, at the option of the holder.

Not until 1818, when the question arose of resuming cash payments by the Bank of England, did the fact clearly appear in this country that a change had occurred in the relative value of gold and silver. An ounce of gold, from the operation of that or other causes, was worth more than fifteen ounces of silver. When remittances of coin therefore were made from the United States to England, gold was preferred to silver, for the simple reason that a gold eagle, which could be obtained here for ten dollars, in London could be converted into more pounds, shillings and pence than ten silver dollars.

The first remedy proposed for this state of things was the one which Dallas had recommended on a former occasion, the prohibition of the export of coins by legislation. This remedy was finally abandoned in 1819, after the report of Mr. Talbot from the committee of finance. "Of the inefficiency, if not impotence," he says, "of legislative provisions to prevent the escape of the precious metals beyond the territorial limits of the Government, the history of all countries, in which the power of legislation has been thus exercised, bears testimony. . . . Indeed, no error seems more entirely renounced and exploded, if not by the practice of all nations, at least in the disquisitions of political economists, than that which supposed that an accumulation of the precious metals could be produced in the dominions of one sovereign by regulations prohibiting their exportation to those of any other." Since that time no one has thought of stopping the outward flow of the precious metals by legislative inhibition.

Of the two metals it was apparent, even before the war of 1812, that gold was more desirable for exportation than silver, and that American silver coins were preferable to foreign silver ones, because the former were heavier. When the United States Bank contracted with Baring and Reid in 1819 for a supply of specie they were to furnish, if practicable, gold and silver in equal amounts determined by the Ameri-

can valuation of one to fifteen. More than two million dollars of silver were supplied, but not an ounce of gold. The legal valuation of gold did not correspond with that of the market. Its valuation was too low compared with silver, and consequently gold fled to foreign countries. Year after year the current set away from our shore; Congress saw the movement, but did nothing to prevent it.

The same thing happened in respect to silver. Of the foreign silver coins the Spanish and Mexican coins especially were lighter than the corresponding American ones, because they had circulated many years. Of course, the more the coins were employed they lighter they grew, and thus the evil of using them increased. What should be done? The solution of the question became momentous and perplexing.

The exportation of gold was prevented somewhat by the rate of exchange. Gallatin in his *Considerations on the Currency and Banking System*, which appeared in 1821, said that $4.56 of American gold coin at that time contained a quantity of gold equal to that in a sovereign. It was exported to England as soon as the exchange rose to $4.61 per pound sterling, which was nearly three and three-fourths per cent. above the nominal, and three per cent. below the true par, calculating this at the rates of 15.6 to 1 or $4.75 per pound sterling. With the exception of the year of the embargo, the exchange on London from 1795 to 1821 never rose to the nominal par; or, in other words, during the entire $4.62 per pound sterling, or about four per cent. above period the exchange was always favorable to the United States, never rising higher than two per cent. below the true par. This is the reason why our gold coins, though underrated, were not exported till the year 1821, when the exchange rose from $4.60 to $4.98 per pound sterling. Then their exportation began, and a premium of one-half per cent. for them was given when the premium on the nominal par of exchange was five per cent., corresponding to an exchange of nearly $4.67 per pound sterling. From that period to the end of the year 1829 the exchanges with a few short exceptions were unfavorable to the United States, and for a long time afterward. "It is perfectly clear," concludes Gallatin, "whilst our gold coins are thus underrated, they will be exported whenever the exchange rises above $4.61 to $4.64 per pound sterling, and that, if rated according to the true or approximate relative value of gold to silver, they would not be exported to England till the exchange had risen to at least $4.80 to $4.83, or more than one per cent. above the true par."

In 1819 a committee were appointed by the House to investigate the subject. Mr. Lowndes made a report which shows how faithfully he performed his duty. He comprehended the importance of the inquiry and the need of pro-

viding a remedy. He recommended passing a bill, of which the following is an outline.

There should be retained by the mint as seigniorage, from every dollar coined $14\frac{85}{100}$ grains of silver, which would reduce the weight of the dollar to $356\frac{40}{100}$ of fine silver and to $399\frac{36}{100}$ grains of standard silver. The same proportion was to be observed in respect to small coins.

The bill further provided that the eagle should be reduced from $247\frac{1}{2}$ grains of fine gold or 270 grains of standard gold to $237\frac{98}{100}$ grains of fine gold or $259\frac{61}{100}$ grains of standard gold, and small coins in proportion. No deduction was to be made for seigniorage, but the expense of refining all gold and silver below the mint standard was to be paid by the owner.

Just before making this report, Robert Patterson, the Director of the Mint, stated in a communication to Crawford, the Secretary of the Treasury, that "considering the expense of the importation of gold into the United States he thought that our Government would be justifiable in adding ten per cent. to the present relative value of gold. This would hold out a powerful and effectual motive for the importation of gold into the United States, and, at the same time, act as a powerful barrier against its exportation." Had this suggestion been adopted, every silver dollar and half dollar would have been expelled from the country within a year.

Two years afterward another report was made by Mr. Whitman. He agreed with the recommendations of Mr. Lowndes in respect to gold coins, but was silent concerning the silver ones. The proposed reduction of gold coins was four per cent., which at that time, expressed the change in the relative value of the two metals. This bill, like its predecessors, was permitted to die silently. The exportation of gold coins continued until early in 1822, when not one was to be seen in circulation, although six million dollars had been coined at the Mint. Had Whitman's recommendation been adopted it would have proved inoperative, for at a subsequent period there was a greater change than four per cent. in the relative value of gold and silver, and consequently the new coins would have been carried away.

Congress, though neglecting or not daring to legislate, discussed the subject for the next fifteen years with more wisdom than is usually displayed in such matters. Mr. Sanford's report in the Senate was a candid and able document, in which he recommended among other things, that when gold or silver coins were diminished less than $\frac{1}{20}$th part of their weight they should not form a legal tender. Ingham, the Secretary of the Treasury, made a special report, evincing much ability and wisdom. He swept over a wide field and maintained that if gold and silver were to remain as measures of property, without changing the ratio, it would be

advisable to discontinue the gold coinage whenever the premium for gold should exceed two per cent.

"If it be intended," he continues, "to render gold and silver equally attainable in the United States, proper allowance being made for the influence which an increased demand must have on the price, a ratio of one to sixteen would, in all probability, be necessary." Ingham favored the adoption of a single standard of silver.

In 1831 appeared a report from a special committee appointed by the House, of which Campbell P. White was chairman. This was the fruit of considerable study, and embodied at the close a series of deductions which are worth laying before the reader.

1. That the operations of commerce will assuredly dispense to every country its equitable and useful proportion of the gold and silver in currency, if it is not repulsed by paper, or subjected to legal restrictions.

2. That it cannot be of essential importance to any State, whether its proportion of the money of commerce thus distributed, consists of gold, or of silver, or of both metals, it being the instrument of exchange, but not the commodity really wanted.

3. That there are inherent incurable defects in the system, which regulates the standard of value in both gold and silver, its stability as a measure of contracts, and mutability as the practical currency of a particular nation, are serious imperfections; whilst the impossibility of maintaining both metals in concurrent, simultaneous, or promiscuous circulation appears to be clearly ascertained.

4. That the standard being fixed in one metal is the nearest approach to invariableness, and precludes the necessity of further legislative interference.

5. That gold and silver will not circulate promiscuously and concurrently for similar purposes of disbursement, nor can coins of either metal be sustained in circulation with bank notes, possessing public confidence, of the like denominations.

6. That if the National interest or convenience should require the permanent use of gold eagles and their parts, and also of silver dollars, the issue of bank bills of one, two, three, five, and ten dollars, must be prohibited.

7. That if it should hereafter be deemed advisable to maintain both gold and silver coins in steady circulation, and to preserve silver as the measures of commerce and of contracts, gold must be restricted to small payments.

8. That if it is the intention to preserve silver as the principal measure of exchange, permanently and securely, it would be necessary to estimate the relative value of gold under its present average, or probable future value in general commerce.

The principal recommendation of the committee was a change of the ratio between gold and silver. The ratio proposed was 1 of gold to $15\frac{625}{1000}$ of silver. But the time was not yet for changing the standard.

At length in 1834 Congress changed the valuation of gold coins. The eagle was fixed at 232 grains of pure gold, and 258 grains of standard gold, and the smaller gold coins in proportion. The act further provided that these coins should be received in all payments when of full weight, determined by their respective values; and when they were not of full weight there should be a corresponding diminution in their legal values.

The standard fineness of these coins was $899\frac{225}{1000}$, which was retained for three years; then it was changed to 900 thousandths. But the weights of the gold coins were not altered by this act. All minted after July 31, 1834, were a legal tender at their nominal value.

Thus a fifteen years' discussion had passed ere Congress ventured to legislate on this important and delicate matter. That body evidently tried to do the best thing possible, but the futility of their work showed more clearly than ever the great difficulty of establishing a legal valuation of the two metals, which should always correspond with their valuation in the chief markets of the world.

This change in the valuation of gold, though very slight, was tainted, so some persons thought, with dishonesty. William Reid remarked in a lecture delivered at Philadelphia on this subject: "It will, perhaps, be said by the supporters of the measure, however, that the alteration made in the standard of money is so extremely trifling, that it will excite hardly any attention; let them not so delude themselves, or lay this flattering unction to their souls. If the degradation in the standard had been only one third of what it really is, it would not have escaped detection and animadversion. Nay, if it had only appeared to make a change in the standard, although the change was so small that it could not have been computed, it would be severely censured. This is one of those things in which even the appearance of evil is to be avoided." He feared that this would prove only a prelude to greater alterations in the value of the coinage in the wrong direction, such as the nations of the Old World had seen. But his fears were never realized; nor did these alterations in the coinage have any effect on prices.

The new valuation soon exposed the fact that the valuation of silver was too low, consequently it disappeared from circulation. Later the golden riches of California and Australia were discovered. The effect of these discoveries was to diminish the value of gold, and of course silver shrank still further out of sight. So completely were the silver coins expelled from the channels of circulation, especially those of

small denomination, that in 1853 there was a new adjustment of the coinage, and the weight of the silver coins of less denomination than the dollar was reduced enough to insure their retention in circulation; but their legal-tender quality was limited to five dollars.

Besides these regulations in the coinage, several others were made from time to time which require brief mention. In 1834 it was declared that for all standard gold and silver deposited for coinage payment should be made in coin within forty days from the making of the deposit. But the depositor could receive payment within five days even if he were willing to relinquish one half of one per cent. of his deposit. All gold coins minted prior to July 1, 1834, were receivable at the rate of ninety-four eight-tenths of a cent. per pennyweight.

For the purpose of enabling the mint to make returns to depositors with as little delay as possible the Secretary of the Treasury was directed to keep there, when the condition of the Treasury would admit of so doing, one million dollars from which the depositors of bullion could be paid as soon as practicable after the value of their deposits was ascertained. But when Corwin was Secretary he proposed the issue of mint certificates which should be receivable for all debts due to the Government, and to the withdrawal of the bullion fund which was maintained at an annual expense of more than $300,000. This he declared might be saved in interest by applying that fund to the redemption of the public debt. He maintained, too, that great advantages would accrue to the business community and to the general trade of the country by throwing the amount of that fund into circulation instead of keeping it constantly as dead capital in the vaults of the mint.

The plan recommended by Corwin was to issue certificates under the authority of Congress to the amount of six or seven million dollars, in sums of $100, $500, $1,000, $5,000, and $10,000, each payable to the order of the Treasurer of the Mint and to distribute them in due proportion to the mint and its branches, and as soon as any deposit of gold bullion was assayed and its value ascertained, to pay the amount to the depositor in these certificates. Receivable in payment of all dues to the United States, it was expected that they would always command their full par value, and would be received on deposit as cash by the banks, and held by them for paying duties or other public obligations. But Congress took no note of the recommendation. With still less favor was the subsequent recommendation of the Director of the Mint received—that mint certificates should be issued to depositors for sums so small as fifty dollars, payable to bearer. Cobb, a later Secretary of the Treasury, condemned the recommendation in his annual report.

There was no legislation concerning the circulation of foreign coins until 1857. Then it was enacted that Mexican dollars should thereafter be received at a reduced rate, and when they flowed into the mint should be recoined. The former laws making foreign coin a legal tender were repealed.

To increase the coinage of the precious metals, branch mints were established at New Orleans, at Charlotte, North Carolina, where a considerable quantity of gold was annually obtained, and also at Dahlonega, Georgia. It was not claimed that the mint at Philadelphia could not coin all the gold and silver brought there, but that by erecting other mints at places more convenient to the owners of bullion the business of coining would increase. Congress never authorized a more useless expense. This was clearly proved in due time; but the plea for creating those establishments was known to be shallow in the beginning. The officers who managed them led an easy life, and doubtless this was intended by Congress. In truth, these institutions were created less to supply a public need, than to make places for needy politicians. The chief object of those who caused this unjustifiable extravagance was attained, if we believe the report of a committee who investigated the history of these branches in 1842. Especially with reference to the branch at Charlotte they say, "judging from the amount of money expended for trees, flowers, and shrubbery, the labor done in the yard, the furniture purchased, and the baths erected, the committee infer that, under the superintendence of the refined and tasteful gentlemen who were put in charge of this branch mint, it lacked nothing that could gratify the eye, contribute to health, soften the body, and ensure repose." The committee wisely recommended the abolition of all the branches. Several years afterward another branch was established at San Francisco, but this has served a useful purpose.

ALBERT S. BOLLES.

BANK OF ENGLAND.—A Bank of England note of the value of £25, issued many years ago, has just found its way back to its original source. It was lost as far back as 1829, having been inclosed in a letter. The postal authorities made the usual investigation, but as nothing was heard of it the bank authorities made good the loss to the post-office, in the belief that the note must have come back, but through some carelessness the fact had been overlooked. It was, however, recently found in circulation. It has been traced to a woman in humble circumstances, who found it accidentally among the papers of her grandfather, who acted as guard to one of the old mail coaches. There is no evidence that he stole the note.

HISTORICAL ORIGIN OF SOME MONO- AND BI-METALLIC ARGUMENTS.

At a time when the monetary question is so ardently discussed on all sides, it will perhaps be of some interest to trace out the historical origin of two of the principal arguments adduced in this important debate.

The first of these arguments is the one appealed to by the bi-metallists. It is something like this. The chief requisite of a good currency is that it should possess as stable a value as possible. A money made up at once of gold and silver has a more stable value for two reasons: Firstly, because the diminution in the production of one of the two precious metals may be compensated for by an increase in the production of the other metal, as is proved by history; and, secondly, because the greater the total amount of the monetary stock, the less will be the influence of the annual variations in the production of the precious metals. The simultaneous employment of gold and silver makes the monetary stock about double what it would be, if everywhere either gold or silver were exclusively used as money. By employing both precious metals at one time the common measure of value obtained becomes more stable, just as the most perfect pendulum possible is constructed with rods of two different metals, so that their unequal dilatations compensate one another.

The honor of having hit upon this striking comparison with the compensating pendulum is usually ascribed to Wolowski.

It may be that he evolved it from himself, but it is none the less true that at least two well-known authors, Adam Müller and Sismondi, had published it before him. Adam Müller thus expresses himself on this subject in his *Elemente der Staatskunst*, Berlin, 1809, Vol. II, p. 284: "In the theory of money, therefore, the relation of the two metals, gold and silver, which gives the theorist much difficulty at first by its mobility and variability, seems peculiarly indispensable for true economic life. A single standard is first sought after; but all single standards, metallic money, as well as the yard and the pound, expand and change. In modern astronomical pendulum clocks these changes in length of the pendulum are done away with by the artificial balancing and combination of two metals; the pendulum of National economy must in like manner be constructed of two mutually restricting and regulating metals."

After saying that money, as the measure of value, is subject to variations, Sismondi indicates the means of remedy-

ing this inconvenience. This interesting passage is as follows: "Society may be served by endeavoring to diminish still more the chances of this fluctuation; and one way of attaining this end is to employ gold and silver indifferently as a common measure, and to fix the legal proportion between them. In about the same way, to obtain a pendulum of invariable length rods of different metals are combined, so that the expansion of one by the heat corrects that of the other. If Government selects one metal only as the standard and declares the other to be merchandise, as has been done or proposed several times, this standard will be affected by all the annual variations of the productions of the mines. If on the other hand, it adopts and legalizes the proportion which seems to be dominant in the commerce of the world, for example that now of fifteen to one; if it declares that every debt of an ounce of gold may be legally paid by fifteen ounces of silver and reciprocally, as is the practice in France, the common measure of commerce will not be established by the annual production of the gold or of the silver mines, but by a proportional average between the variations of these two productions, and the desired standard will acquire greater fixity." *Nouveaux Principes d'Economie Politique*, Vol. II, p. 59.

The principal objection that the monometallists raise to the use of the two metals is this: If gold and silver are simultaneously made legal tender with full currency, it is inevitable that the more depreciated metal will alone remain in circulation; the metal more sought after will be either melted down or exported. What is called the double standard will be really nothing but an alternative standard by virtue of the law that the bad money drives out the good money. This law is called the Gresham Law in England, because it is supposed to have been formulated for the first time by Sir Thomas Gresham in the reign of Elizabeth. A very pungent passage, however, occurs in Aristophanes, where he says the bad citizens are preferred to the good, just as the bad money drives the good money out of circulation. This remark clearly embodies Gresham's Law.

The passage from Aristophanes is the following (*The Frogs*, 718 seq.): "The freedom of the city has often appeared to us to be similarly circumstanced with regard to the good and honorable citizens, as to the old coin and the new gold. For neither do we employ these at all, which are not adulterated, but the most excellent, as it appears, of all coins, and alone correctly struck, and proved by ringing every where, both among the Greeks and the barbarians, but this vile copper coin, struck but yesterday and lately with the vilest stamp; and we insult those of the citizens whom we know to be well-born, and

discreet, and just, and good, and honorable men, and who have been trained in palaestras, and choruses, and music; while we use for every purpose the brazen, foreigners, and slaves, rascals, and sprung from rascals, who are the latest come; whom the city before this would not heedlessly and readily have used even as scape-goats."

The finances of Athens were exhausted by military armaments, and under the archon Antigenes, in 407, the year before the representation of *The Frogs*, the good silver money, that brought a premium abroad (Xenophon, *De Vectigalibus*, III, 2), was replaced by a gold money, the metal for which was furnished in great part by the golden statues of Victory (*Scholiast* of Aristophanes ad l.); but this new money was so much alloyed with copper that Aristophanes felt able to call it copper coin, *χαλκια*.

Macleod, in his *Dictionary of Political Economy*, p. 464, § 123, says of Gresham, who formulated the law bearing his name. "This eminent merchant (Sir Thomas Gresham) was presented to the Queen, three days after her accession, by Cecil, and she immmediately employed him to negotiate a loan, which was necessary in the exhausted state of the Treasury left by Mary. Before leaving for Flanders he wrote a letter of advice to the Queen, explaining how, among other things, all the fine money had disappeared from circulation. The cause of this he attributed to the debasing of the coinage by Henry VIII. Thus he seems to have been the first to declare that the issue of the base money was the cause of the disappearance of the good. Hence we may justly call it Gresham's Law of the Currency. He earnestly recommended the Queen to bring back the currency to its former purity, and in accordance with his advice, she soon set about it in earnest."

Montesquieu had also noticed the fact mentioned by Gresham, and which must as well have struck all merchants; but he did not quite understand the reason of it. "Gold," he says, "disappears when silver is common, because everybody hides away his own; it reappears when silver is rare, because people are forced to bring it out of their hiding places. The rule is therefore that gold is common, when silver is rare, and gold is rare when silver is common." *Esprit des Lois*, Liv. XXII, Ch. IX.

Newton saw perfectly into the cause of the phenomenon of the alternation of the two metals, and pointed out the way to put an end to it. According to his views, it suffices to establish the same ratio of value between gold and silver in all countries. Newton therefore is really the inventor of the idea of international bimetallism. Here is the important passage in which he expresses this great economical discovery: "If gold in England, or silver in East India could be brought down so low as to bear the same propor-

tion to one another in both places, there would be here no greater demand for silver than for gold to be exported to India; and if gold were lowered only so as to have the same proportion to the silver money in England, which it hath to silver in the rest of Europe, there would be no temptation to export silver rather than gold to any part of Europe." (Report made by Sir Isaac Newton, Master of the Mint, concerning the state of the gold and silver coins, Sept. 21, 1717. *Vide Monetary Documents*, by Dana Horton, Washington, Government Printing office, 1879, p. 319, and Cernuschi, who first exhumed this passage.)

It may not perhaps be without interest to reproduce the very curious memorandum addressed by Sir Thomas Gresham to Queen Elizabeth, in 1558, relative to the monetary question of that time. We give it with its archaic orthography.

Information of Sir Thomas Gresham, Mercer, towching the fall of the exchainge, MDLVIII. To the Quenes most excellant maiestye.

Ytt may pleasse your majesty to understande, thatt the firste occasion off the fall of the exchainge did growe by the Kinges majesty, your latte ffather, in abasinge his quoyne ffrome VI ounces fine too III ounces fine, Wheruppon the exchainge fell ffrome XXVIs. VIIId. to XIIIs. IVd., which was the occasion thatt all your ffine goold was convayd ought of this y realme.

Secondly, by the reason off his wars, the Kinges majestie ffell into greatt dept in Flanders. And ffor the paymentt therof thay hade no other device butt paye itt by exchainge, and to carry over his ffine gowlde ffor the paymentt of the same.

Thirdly, the greatt ffreadome off the Stillyarde and grantinge of licence ffor the carringe off your woll and other comodytes ought off your reallme, which is nowe on off the cheffest pointes thatt your majestie hathe to forsee in this your comon well; thatt you neaver restore the steydes called the Stillyarde againe to ther privelydge, which hath bine the cheffest poynthe off the undoinge off this your reallme, and the marchants off the same.

Now, for redresse off thes thinges, in an. XVCLI (1551) the Kinges majestie, your latte brother, callide me to bee his agentt, and repossed a more trust in me, as well ffor the paymentt off his depttes beyond the seas, as ffor the ressynge off the exchainge, —beinge then att XVs. and XVIs. the pounde; and your mony corrantt, as itt is att this presentt, beinge nott in vallew Xs. First, I practized with the Kinge and my lorde off Northomberlande to overthrow the Stillyarde, or else ytt coulde nott bee brought to passe, ffor thatt they woold kepp downe the exchainge by this consideration; wher as your owne mere marchantes payeth outtwardes XIVd. upon a cloth custome, thay paye butt IXd.; and like wisse, ffor all such wairs as was brought into your reallme, your owne mere marchantes payeth XIId. upon the pounde, the Stillyarde payd butt IIId. upon the pounde, which is Vs. difference uppon the hundreth: and as they wear men thatt raine all uppon the exchainge ffor the byenge of ther comodytes, whatt did thay passe to give a lowar price then your owne marchantes,

when thaye gotte Vl. in the hundreth by your custome; which in processe off time woulde have undone your whole reallme, and your marchantes of the same.

Secondarely, I practissed with the Kinges majestie, your brother, to come in creditt with his owne mer marchantes: and when time servid, I practised with theme att a sett shippinge, the exchainge beinge still att XVIs. thatt every man showld paye the Kinge XVs. uppon a cloth in Anwarppe, to paye att doblle usans XXs. in London; which the kinges majestie payd theme riallye, which did amountte to the some off LXMl. Ande so, VI months after, I practissed the licke upon ther comodyties ffor the some off LXXMl. to paye ffor every pounde starlinge XXIIs.: so by thes meanes, I maide plenty off mony and scarstie, and brought into the Kinges handes, which raised the exchainge to XXIIIs. IVd. And by thes meanes I did nott only bringe the Kinges majestie, your brother, outt off deptt, wherby I savide hime VI or VIIs. upon the pounde, but savid his tresore within the reallme, as ther in Mr. Secretary Sissille was most privie unto.

Thirdly, I didd likewise cause all forraine qoynes to bee unvallewed, wherby itt might bee brought into the minte to his Majesties most fardlle; att which time the Kinge your brother dyed, and for my rewarde of servize, the Bishoppe of Minchester sought to undoe me, and whatsoever I sayd in thes matters I should not be creditted: and againste all wisdome, the sayd bishoppe went and vallewid the French crowne at VI s. IV d., and the pistolatt at VI s. IId., and the silver rialle at VId. ob. Whereupon, imediattlye, the exchange fall to XXs. VId. and XXIs. and ther hath kept ever sithence. And so consequently aftire this ratte and manor I brought the quenes majestie your sister out of deptt of the some of CCCCXXXV m l.

Fowerthly, by this itt maye playnely appear to your hightnes, as the exchainge is the thinge that eatts ought all princes, to the wholl destruction of ther comon well, if itt be nott substantially loked unto; so likewise the exchainge is the cheffest and richist thinge only above all other to restore your Majestie and your reallme to fine gowld and sillvar, and is the meane thatt makes all forraine comoditties and your owne comodites with all kinde of vittalles good cheapp, and likewise kepps your fine golde and sillvar with in your reallme. As, for exsample to your hightnes, the exchainge beinge att this present att XXIIs. all marchantes seeckes to bringe into your reallme fine gollde and silver; for if hee should deliver itt by exchainge, he disbursis XXIIs. flemishe to have XXs. sterlinge: and to bringe itt in gowlde and sillver he shall make theroff XXIs. IVd.—wherby he saves VIIId. in the pounde: which proffitte, if the exchainge showlde kepp but after this ratte of XXIIs. in fewe years you showld have a welthi reallme, for her the treasur showlde continew for ever; for thatt all men showlde finde more profytte by Vl. in the hundreth to deliver itt per exchange, then to carry itt over in mony. So consequently the higar the exchainge riseth, the mor shall your Majestie and your reallme and comon well florrish, which thinge is only keppt up by artte and Godes providence; for the quoyne of this your reallme doeth nott corresponde in finnes (fineness) nott Xs. the pounde.

Finally, and itt please your majestie to restore this your reallme into such estatt, as hertofore itt hath bine; first, your hyghtnes hath non other wayes, butt when time and opertunyly serveth, to

bringe your basse mony into fine of XI .ounces fine, and so gowlde after the ratte.

Secondly, nott to restore the Stillyard to ther usorpid privelidges.

Thirdly, to grantt as fewe licences as you cane.

Fowerthly, to come in as small deptt as you cane beyond seays.

Fifthly, to kepp (up) your creditt, and specially with your owne marchantes, for it is thaye must stand by youe att all eventes in your necessity and thus I shall most hombly beseech your majestie to exceptt this my (poor writing in good) partte; wherein I shall from time to time, as opertunity doeth serve, putt your hyghtnes in rememberance, accordinge to the trust your Majestie hath repossidé in me; beseechinge the Lorde to give me the grace and fortune thatt my servis may allwais be exceptable to your hightnes: as knoweth our Lorde, whome preserve your noble Majestie in health, and longe to raigne over us with increase of honor.

By your Majesties most homble
and faythefull obedientt subject.
THOMAS GRESHAM, Mercer.

Liége, Belgium. EMILE DE LAVELEYE.

THE ISSUE OF BANK NOTES IN GERMANY.

The issue of bank notes in Germany is regulated by the law of 1875. A certain amount can be issued without taxation, but beyond this limit a tax of five per cent. per annum is imposed. In the closing week of last year this provision of the law came into operation for the first time with respect to the Imperial Bank.

In further explanation of the law it may be observed that under section seventeen the notes issued by the Imperial Bank, as well as other banks, must be covered one-third, at least, by German coin, by legal-tender notes of the Empire, by gold bars or foreign coins valued at a certain rate; and the remaining two-thirds by discounted bills due at latest in three months, and for which generally three, but at least two, persons known to be solvent are responsible.

Although the banks may thus issue their notes to the extent prescribed, yet when their issues exceed a certain amount, as we have remarked, a tax of five per cent. must be paid.

This restriction is regulated by the ninth section of the law. It permits an issue free of tax to such an amount of cash, notes of other German banks, gold bars and foreign coin, as may belong to the bank, in addition to an amount covered by bills originally limited to 250,000,000 marks for

the Imperial Bank, but subsequently increased by the transfer of issues of other banks to 273,875,000 marks.

Applying these regulations to the accounts of the Imperial Bank, as they stood at the close of last December, it had issued 26,094,000 marks in excess of the free-tax limit, but since that time the amount has been kept within the tax limitation.

The system prevailing in Germany is in some respects similar to that introduced into Parliament in 1873, by Mr. Lowe, who was then Chancellor of the Exchequer. The following is the first section of his bill:

1. Whenever the First Lord of Her Majesty's Treasury and the Chancellor of the Exchequer, after communication with the Governor and Deputy-Governor of the Bank of England, are satisfied—

(1.) That the minimum rate of interest then being charged by the Governor and Company of the Bank of England on discounts and temporary advances is not less than *twelve per cent.* per annum; and

(2.) That the foreign exchanges are favorable to this country; and

(3.) That a large portion of the existing amount of Bank of England and other bank notes in circulation is rendered ineffective for its ordinary purpose by reason of internal panic:

they may, by order under their hands, empower the issue department of the Bank of England to make, in excess of the authorized issue, a special and temporary issue of Bank of England notes, by delivering the same into the banking department in exchange for and on the credit of an equal amount of Government securities to be transferred to the issue department, and the said Governor and Company shall pay interest into the Exchequer on the amount of notes so issued by them at such rate, being not less than *twelve per cent.* per annum, as may from time to time be fixed by the First Lord of the Treasury and Chancellor of the Exchequer. and in addition thereto the amount of any further profit which they may derive from the said issue.

Sir John Lubbock afterward gave notice of his intention to move the following alterations: (Retaining the last paragraph, he proposed, as the conditions under which the issue department of the Bank of England might make a special and temporary issue of bank notes):

(1.) That the minimum rate of interest then being charged by the Governor and Company of the Bank of England on discounts and temporary advances is not less than *ten per cent.* per annum; and

(2.) That the existing amount of Bank of England and other bank notes in circulation is rendered *insufficient* for its ordinary purpose by reason of internal panic.

But the Government did not proceed with the bill. Germany afterward caught the idea, and embodied it in the form of law, whose operation thus far we have just explained.

THE SILVER QUESTION.

So much has been written upon this subject that an apology seems necessary for any further attempt to elucidate it. While no one would presume to offer anything entirely new, it may not be considered amiss, however, to direct attention to some points which deserve to be specially emphasized. To present them satisfactorily, it will be necessary to glance at the progressive uses of gold and silver. They have been in use from the earliest historic times; first, as ornaments, serving the same purposes as precious stones. From this use arose a general demand for them, which naturally developed into their use for making exchanges. Any one who possessed an article or commodity which he did not need, or one that was perishable, and could not be exchanged at once for the thing desired, would exchange it for gold or silver, knowing that these metals were in general demand, and could be exchanged at any time for what was wanted; besides, they were more convenient than most other articles for transportation, and could be used in exchange for articles produced in foreign countries. They were used for this purpose long before they were coined into money. Even at the present day they are used for making exchanges without being coined. The bullion which is used in commerce is uncoined gold and silver, and even when coined they are frequently reckoned as simple bullion in making international exchanges.

The uncivilized tribes of Africa use brass wire and colored glass beads, for the same purpose as gold and silver were originally used, as ornaments and also as money. The traveler among those tribes must be supplied with these articles, and he must know the particular kinds and styles required, for the fashions change, and beads that are out of fashion are no better than counterfeit money. The savage is willing to exchange anything he can spare for the beads and wire for to him they are a delight; they not only satisfy a natural desire in his heart, but they are wealth to him—a ready store with which he can minister to his future wants. The next step in the use of these metals was to fit them for making exchanges. They were divided into pieces of convenient size, and stamped to indicate their weight and purity. Gold and silver wares and vessels were also stamped to attest their purity or fineness—a custom which is continued in some countries to the present day. The stamping of gold and silver for use as money was first done by the owners of mines and well-known dealers, but the privilege was subsequently assumed by governments. The fact that coinage was

at first only a means of designating the quantity and quality of metal used is apparent from the names of early coins, which have reference to weight. The Italian coin called a "lire" is supposed to be derived from the Latin *libra* (a pound); French, *livre*. The Romans had a coin called *Libra*, and also *As*, which is supposed to have weighed a pound. It was made of a mixed metal called *aes* or *bronze*. The oldest form of the *As* usually bore the figure of an ox, a sheep, or other domestic animal (pecus); from which it is usually supposed that the Latin word for money, *pecunia*, is derived. The Hebrew *shekel* was the name of a weight. The word *dollar* is thought to have originated in this way, as given by Chambers. Dollar is a variety of the German *thaler;* low German, *dahler;* Danish, *daler;* and the word came to signify a coin thus: About the end of the fifteenth century the Counts of Schlick coined the silver extracted from their mines at Joachim's thal (Joachim's Valley) into *ounce pieces*, which received the name of Joachim's thaler, the German adjective from the name of the place ("Joachims-dalers"), as it were. These coins gained such a reputation that they became a kind of pattern; and others of the same kind, though made in other places, took the name, only dropping the first part of the word for shortness. The pound sterling of England comes from the original coinage of a *pound weight* of silver — a common money standard among the Romans—into twenty pieces, called shillings. These references to the system of coinage in its origin show the purpose to have been merely to attest the weight and fineness of metal, either gold or silver, which the piece contained. But in course of time, as pieces of gold and silver both came into use in commerce, and contracts were entered into requiring payments in these coins, it became the custom to allow payment in either gold or silver coins at a certain specified rate or proportion; that is, a certain weight of gold was considered the equivalent of a certain weight of silver. Hence, a certain ratio of value between gold and silver was established by usage, and that ratio was subsequently adopted by the sovereign authority when the coins were made a legal tender for debts.

The subject of the adjustment of the coinage to the real values of the two metals has been a source of much perplexity to commercial nations. It was a simple matter to stamp pieces of gold and pieces of silver to indicate their respective weights and fineness of metal, but a difficulty arose when the sovereign authority attempted to make the coins of silver and the coins of gold equally a legal tender for debts. If the sum of twenty shillings was to be paid, it could be paid with twenty pieces coined from a pound of silver; but if the option was given to pay that amount in gold it was necessary to determine how much gold should be equivalent

to twenty shillings in silver. And when the ratio of value was determined upon, and the coins were made according to that ratio, it was found that in time either one or the other coined metals disappeared from circulation, which was traced to the fact that the metal disappearing from circulation was undervalued with respect to the other metal; or, in other words, was worth more for other purposes than it was with the government stamp upon it. If it was, for instance, a silver shilling in England that was undervalued in coinage with respect to gold, the shillings would be melted and made into spoons, or forks, or watch cases, or something of the sort, which could be sold at a good profit for gold coins. If the silver was overvalued in coins, then it was worth more in coins than for manufactures, and it would remain in circulation, and the gold would be melted for other purposes. This has been the experience of all commercial nations. After many attempts to make the coinage correspond with the true market value of the two metals, by reducing the quantity of silver in the shilling or increasing the size of the gold piece, England finally adopted the expedient of overvaluing silver, but declaring at the same time that it should not be a legal tender for more than forty shillings, thus leaving gold pieces as the only legal tender for debts above forty shillings, but leaving the silver coins more valuable as coins than for other purposes, and therefore insuring their continuance in circulation. For no one will melt coins when a higher value is stamped upon them than they will bring in the market as bullion. England has maintained this system of coinage substantially since 1716—Germany and the Scandinavian kingdoms—Norway, Sweden, and Denmark—have lately adopted it; and the other European nations have advanced so far in this direction as to stop the free coinage of silver. The United States has also stopped the free coinage of silver. The silver it is now coining is purchased by the Government, and is coined at an over-valuation with respect to gold of about 17 per cent. at the present market price. But as the coinage is not free, and the coins are only paid out by the Government in exchange for gold or at the gold price, it does not come into competition with gold. It is still a legal tender, the same as in France and the countries which make up the Latin Union, but it cannot be used for foreign commerce, as the dollar is worth only about eighty-seven cents beyond the United States, while at home it is worth the same as a gold dollar. Silver is no longer in use as the money of commerce, although it is employed by all nations for internal traffic and the payment of small sums.

Much anxiety is manifested at this general disuse of silver money. It is feared that gold alone will not suffice for the wants of commerce, and besides, the countries which still

retain silver as currency, and those which produce silver, are sustaining great losses in the diminished price of silver. The bi-metallists, or those who think it important to retain both metals in use for international commerce, have attempted to bring about some change through an International Congress or Monetary Conference of Nations. It is claimed by them that a ratio of value between gold and silver can be adopted as a basis of coinage which, if concurred in by the principal commercial nations, will prevent all important fluctuations in the relative values of the two metals. A leading bi-metallist has even, I believe, gone so far as to assert that the market value could be absolutely controlled by any ratio of value thus agreed upon and made the basis of coinage.

Here we reach the question of the relative value of the two metals which it is important to thoroughly understand. We wish to know what is value and why gold and silver are valuable. We find first, that an article must be useful to be valuable. It must be capable of ministering to human wants, or satisfying human desires. That which is not wanted by any one for any purpose cannot have value, for no one will give a desirable thing in exchange for a thing which no one wants, no matter how much labor or trouble it may have cost. Wants are here used not as the equivalent, of necessities but desires. Mrs. Toodles may attend auctions and buy all sorts of things which she does not need, but it cannot be said in her case that she does not want them. She buys them to satisfy a desire to have all sorts of things about her. Utility or the capacity to minister to human wants is one of the elements of value. But the air we breathe is certainly useful and yet it has no value. Water is a necessity of our existence, but it has no marketable value unless it requires labor to obtain it. Here is a new element of value introduced. To be valuable then a thing must be useful and require labor to obtain it. These are supposed to be all the elements of value, although combined in different proportions to make up the value of different commodities. A thing may have value derived from its utility which far exceeds its cost of production. For example, the sewing machine estimated by its utility would have a much higher value than its present market value. If it could not be obtained otherwise, a much higher price would be paid for it, and what one would be willing to pay for an article rather than do without it is its utility value. Its real or utility value is the same to-day, but its market value, which depends on demand and supply, is much reduced. While the value of an article may exceed its cost of production, and may equal its utility value, it cannot as a rule sink below the cost of production. No one will continue for any considerable length of time the production of an

article which costs more than it comes to. Writers upon political economy tell us that for all things which can be increased in quantity at pleasure, the value, though subject to some disturbances, is determined by the cost of production; and for all things which cannot be increased in quantity at pleasure, the value may rise above the cost of production, according to demand and supply. These may be considered the general laws which govern values. Now gold and silver are articles which admit of a continuous production, and the supply may therefore be considered unlimited. They would therefore seem to belong to the class of articles the value of which is determined by the cost of production. The tendency is in that direction, and in a long series of years such would be the case. The present values of gold and silver are undoubtedly determined by the cost of production. But the supply is so small compared to the stock in constant use, that any great additional demand upon this stock could not be met at once with a corresponding supply, and therefore the law which governs in this case is the same as for things which cannot be increased at pleasure, and the value may rise above the cost of production in accordance with an increased demand.

Let us examine this a little further. The stock of gold and silver in the world has been carefully estimated by Bonnet and others. Bonnet sets it at 12,000 million dollars, equally divided between gold and silver, an estimate probably quite low enough. The annual production is known to be about 185 millions. Statistics for 1879 give 186 millions (gold 105 millions, silver eighty-one millions).

Of this 185 millions about thirty millions is supposed to be required to make good the wear and loss on the stock on hand, so that the real increase is only about 155 millions. This is about one and one-quarter per cent. on the whole stock, a supply supposed to be about equal to the increasing wants of society, that is to the ordinary demands. Whenever an extraordinary demand is made, there is no supply beyond the amount in use, and such demand can only be supplied by bidding up the price.

If this is true of gold and silver considered collectively, it must be equally true of each taken separately, and the value of each must depend principally upon the extent to which its use is increased or diminished. The two metals are used to a great extent for the same purposes, so that one may be taken to replace the other. Both are used for money, and also for household wares and ornaments, and for jewelry. If for any cause one goes out of use the other may supply its place. This is peculiarly the case in their use as money. If silver is deprived of any of its uses as money, its place is supplied with gold. A diminished use of silver calls for an increased use of gold. The value depending upon use, as

we have attempted to show, while the supply is constant, the diminished use of silver reduces its value by reducing the demand, and the increased use of gold increases its value by increasing the demand, and their ratio of value is changed in a double measure, that which is taken from one being added to the other.

In discussing this question, it is natural to inquire to what extent the value of gold and silver may be affected by municipal regulations. Any value whatever may be stamped upon a piece of metal, but the true value is all that it will pass for as cosmopolitan money. But indirectly the values of gold and silver may be materially affected by municipal regulations. If government affords facilities for the use of silver which doubles its use, it gives it additional value. The demand for silver is increased, and the price is accordingly advanced. Any restriction on its use acts in the opposite direction, and reduces its value. The bi-metallist is undoubtedly correct in supposing that an international arrangement, which would make silver a legal tender for debts to the same amount as gold, would restore much of its lost value.

But it certainly does not follow from this proposition that the values of the two metals could be established at any ratio whatever by a simple government stamp, even though all the nations of the world should adopt it, for the reason that the use of these metals as money is not their sole use. There is supposed to be more than half—probably near two-thirds—of these metals in use for other purposes than for money. It cannot be supposed that a government edict, declaring silver and gold equal in value for the payment of debts, would make a silver bracelet, or ring, or watch case, as desirable as a gold one. And why should any one keep the gold piece for money when the silver piece would answer precisely the same purpose? Why not melt the gold piece for a ring or a brooch? Or, even supposing it possible for human tastes to change, so that a silver ornament, or a silver vessel or utensil, should be equally desirable with a gold ornament or utensil, who would expend the extra amount of labor in producing gold when his labor would produce a much larger quantity of silver? If there was no other use for gold and silver except for money, they might be made of equal value by government edict, and such equality would be maintained, unless one metal was found more convenient for such use than the other, in which case the more convenient would come into greater use, and probably command a premium. But if the two metals had no other use except for money, and they were made of equal value for that purpose, the utility value of gold would not equal its cost of production, and no one would produce it. The fact that gold and silver are both produced at different cost is the most convincing proof that their real utility values differ.

According to the theory of values here presented, a ratio of value between the two metals introduced into the coinage of the principal commercial nations would not have the effect to control the market values of the two metals, although it would have an influence upon the market values. It would operate indirectly upon the values by changing the ratio of uses of the two metals.

Suppose the ratio of value adopted to be in favor of silver—that is, suppose silver to be somewhat overvalued in the coinage. Silver would then be worth more in coin than for other purposes, and gold would be worth less in coin than for other purposes. The tendency would now be to withdraw gold from circulation, and to increase the use of silver as coins. But increasing the amount of silver used as coins would withdraw a corresponding amount from its use for other purposes, and would therefore increase its value for other purposes, which would tend to bring it up to the value set upon it in coins; and at the same time the amount of gold coins, which would be withdrawn from circulation, would go to increase the stock used in manufactures, which would lower its value, thus increasing the market value of silver and lessening the market value of gold, which would tend to bring the market value of silver to the ratio adopted in coinage. The tendency would be in this direction; but, if the ratio adopted for coinage was too far from the market value, the metal undervalued might be all melted and used in manufactures, without bringing the market value to the mint valuation. Such would evidently be the case if gold was reduced to the same value as silver in the mint valuation. How far from the market value it would be safe to fix the mint valuation would be a matter of conjecture only. Let us suppose the principal commercial nations, desirous of using both metals for coins and of making them equally a legal tender for all amounts, so that both could be brought into use for the purposes of general commerce.

The first question to be settled would be the ratio of value between the metals. How would this ratio be determined? By the present market value, or some prospective value? If the present ratio of about eighteen to one were taken, the extended use of silver as coin would create an additional demand for silver, and that demand would increase its value. At the same time, the increased use of silver would displace a portion of the gold used as money, which would make gold less valuable; and thus by a double process the ratio of value between the two would be diminished. It might approach sixteen to one, or even fifteen to one. Either change would be fatal to the basis of coinage adopted, because it would no longer represent the market value of the two metals.

Suppose the ratio of 15½ to one were adopted. This is

the ratio often alluded to as the old ratio, because it has been used for many years past by what is called the Latin Union.

It is by no means certain that silver would come into use as money sufficient to give it that value. The habits and customs of people are changing. The methods of doing business are changing, and practices once established, though liable to change, seldom retrograde. The change is to something new, rather than to the old. Now, it is impossible to know to what extent the disuse of silver is due to a preference for gold. It may be that its former uses would not be restored to any great extent by taking off the present restrictions, and giving it an equal chance with gold, and in that case its former value would not be restored, and the coinage would still be based upon a wrong ratio of value. It is not probable that the true ratio could be found until several trials had been made.

The difficulties, though formidable, are not insurmountable. But a result which depends upon the co-operative action of a large part of the civilized world cannot be accomplished at once.

It must first be considered in all its bearings, and be so presented that each nation may find something to its own advantage, for selfishness may be considered the first law of nations. If we may not look for speedy relief to the silver market from this source, it may be worth while to consider other means of attaining similar results. It has been suggested that silver could be brought into very general use in this manner: Let it be divided into pieces of convenient size at the mints, and stamped with its weight and fineness. Let these pieces be made a legal tender for all amounts at their market value in gold. Let that market value be proclaimed once or twice a year by the Secretary of the Treasury, precisely as is now done for the receipt of foreign silver coins at the Custom House. This would extend the uses of silver at home, and fit it for use in foreign commerce. The value given it here would be the acknowledged value in general commerce. Its value could be readily reckoned for large sums; and for the payment of small sums, $10, we should still have the token silver now in use. This could be adopted by any nation independently; but if others also adopted it, and it was generally used, it would afford the same relief to the silver market as ordinary bi-metalism. It would, in fact, be bi-metalism pure and simple. ALBERT W. PAINE.

STOCKHOLDERS IN NEW YORK CENTRAL RAILROAD COMPANY.—During the year ending September 30, 1881, the New York Central increased the number of stockholders from 4550 to 5674, and 800 additional English holders drew the present April dividend who were not on the rolls last year. The whole amount owned abroad is over 300,000 shares, or one-third the capital of $90,000,000, and the transfers from this side to the London Agency constantly increasing.

"NEW YORK: THE GREAT BANKING AS WELL AS COMMERCIAL CENTER."

At the annual dinner of the New York Chamber of Commerce, an account of which will be found on another page, the following interesting address was delivered by Comptroller Knox:

There is no accurate statement showing the condition of the banks of the country thirty years ago, at any one date. The returns for New York and New England are trustworthy, but are not given for the same day. The returns from many other portions of the country at that time were by no means satisfactory. The most accurate statement we have shows that the total capital of all the banks on or about January 1st, 1852, was 217 millions; the individual deposits 100 millions. The loans were usually fully equal to, if not in excess of, both capital and deposits, the excess being derived from the use of the circulation which they were authorized to issue without security, and often largely in excess of their capital.

The capital of the commercial banks to-day, if we include in the amount the capital of private bankers, which amounts to 76 millions, is 650 millions, and their deposits 1500 millions. The capital of the commercial banks has Increased during these thirty years about three times, if this data is correct; while the deposits have increased fourteen times, and the loans more than four times. The other investments of the commercial banks in stocks and bonds have largely increased. Banks and private bankers now hold more than 660 millions, or more than two-fifths of the interest-bearing funded debt of the United States, of which the National banks hold 410 millions, Savings banks 214 millions, State banks, 21 millions, and private bankers 15 millions.

The business of banking is conducted upon much sounder principles and is much safer for depositors than formerly. The loans are at all times very much less than the capital and deposits, usually about equal to the deposits, and as a consequence the proportion of cash reserve now held is very much greater than previous to the year 1860. The surplus, which thirty years ago was merely nominal, is now 156 millions. I may add that the increase of deposits and loans and other investments in the banks of the United States, particularly during the last ten years, is without parallel in any other country.

There has been an enormous increase also in the deposits of Savings banks, which are properly institutions conducted not for the benefit of shareholders, but solely for the benefit of their depositors. The deposits in the Savings banks in the New England and Middle States in the year 1850, were but 43 millions; in 1860 but 148 millions; they are now more than 880 millions. The deposits of the Savings banks of the State of New York in 1852 were less than twenty-eight millions; they are now 370 millions.

The capital of the banks of New York City during the last thirty years has increased from 35 millions to 70 millions, and a surplus has been accumulated of 30 millions. The loans have increased more than three times, and the individual deposits more than six times, while the bank balances have increased in a much

greater ratio. Thirty years ago there was no Clearing House. In the year 1854 the exchanges were 5000 millions; they are now 48,000 millions. The daily exchanges were 19 millions; they are now an average of 165 millions. It will thus be seen that the business of the banks in this city has increased in a ratio commensurate with the growth of the country. The accumulation of individual deposits has not been as rapid, but the growth of deposits of all kinds, including bank deposits, has probably fully kept pace with the increase elsewhere.

During the past year for the first time information has been obtained which gives at a glance the total receipts of the National banks upon two different days, and the proportion of these receipts by the banks in this city. These returns show that while the total receipts of 2132 banks upon a single day were 295 millions, the receipts of 48 banks in this city were 165 millions, or nearly fifty-six per cent of the whole.

The following table from the Comptroller's report for 1881, exhibits the total receipts on June 30 and September 17, of the forty-eight banks in New York City, the fifty-four in Boston, the thirty-two in Philadelphia, and the nine in Chicago, and the proportion which the receipts in each city, and the aggregate of all of them, bear to the receipts of all the banks in the United States on the same dates. It also shows the receipts, and proportion to the whole, of the banks in twelve other cities, and the same as to the remaining banks of the country.

Banks in four principal cities and elsewhere.	*June 30, 1881.*			*September 17, 1881.*		
	Number of banks.	*Amount.*	*Percentage to total receipts.*	*Number of banks.*	*Amount.*	*Percentage to total receipts.*
New York City	48	$167,437,759	58.81	48	$165,193,347	55.95
Boston	54	33,088,080	11.62	54	24,094,061	8.16
Philadelphia	32	18,061,565	6.34	32	17,830,648	6.04
Chicago	9	8,141,189	2.86	9	13,026,835	4.41
Totals	143	226,728,593	79.63	143	220,144,891	74.56
Twelve other cities	92	17,809,881	6.26	94	22,970,703	7.78
Totals of cities	235	244,538,474	85.89	237	243,115,594	82.34
All other banks	1,731	40,175,542	14.11	1,895	52,118,185	17.66
United States	1,966	284,714,016	100	2,132	295,233,779	100

From an examination of this table it will be seen that the receipts of the forty-eight banks in New York City on June 30 were nearly three-fifths (58.81 per cent.) of the whole, and on September 17, about fifty-six per cent. The receipts of the Boston banks on June 30 were nearly twelve per cent. of the whole, and were eight per cent. on September 17; while those of Philadelphia were about six per cent. at the latter date, and of the banks in Chicago, but few in number about 4.5 per cent, The receipts in these four great cities comprised nearly four-fifths of the total receipts on June 30, and nearly three-fourths of the total on September 17; while the receipts of the sixteen reserve cities on June 30 were more than eighty-five per cent., and on September 17 more than eighty-two per cent. of the whole amount.

These facts show how closely connected is the business of the

banks elsewhere with this great commercial city. Nearly every bank and banker, in all numbering about 7000, located in all the principal cities and villages of the country, have deposits subject to sight draft upon this point. Every mail not only brings remittances for deposit from your neighboring cities, but from the most inaccessible points in the country. The railroad and telegraph, the cable and the telephone have revolutionized business, and made everybody at home and abroad your neighbors. To-day there is a single rude long tavern or outpost upon the great dreary plains of the frontier, to-morrow the railway is constructed, and in place of the tavern of the frontier's man, or the military outpost, there is the city of Cheyenne in the embryo State of Wyoming, or the City of Bismarck in the embryo State of Dakota, or the City of Winnipeg in the province of Manitoba; and almost upon the day of the birth of these young villages and cities, banks are organized under the authority of the laws of the United States or of Canada, which almost immediately thereafter are brought into close communication with some correspondent in your city. As business may require, the telegraph is brought into service, and at any moment communication may be opened between the business men of New York and other points hitherto inaccessible as certainly as if they were neighboring villages where

> "—Homesteads to homesteads flash their window gleams
> Like friends that talk by language of the eye."

It was with many forebodings, in 1862, that Secretary Chase and others were drawn by necessity to consent to the issue of Government paper, which they well knew would drive from circulation not only the yellow but the white metal. The late President Garfield in one of his papers, has related an incident which happened at the residence of Secretary Chase during the first year of the Lincoln administration. In the course of conversation, the question was asked "What is motion?" to which the reply was given, "Matter is inert; spirit alone can move; motion is, therefore, the spirit of God made manifest in matter." To this the Father of Greenbacks immediately replied: "If that is a correct definition, then legal-tender notes must be the devil made manifest in paper for no man can foresee what mischief they may do when once they are let loose!" It is said, too, that one of the greatest statesmen which Pennsylvania has ever produced gave to his friends as a good reason for his opposition to the banking system, now in operation, that he feared that evil would result in authorizing the banks to issue notes under the National law, for he saw in the future for the legal tender the history and the fate of the French assignat and the Continental money.

The Comptroller of the Currency is *ex officio* Commissioner of the Assay at the Mint, which meets annually to ascertain as nearly as may be if the coin which has been manufactured during the current year coincide with the weight and fineness provided by law, and for many years it was a somewhat embarrassing duty to be the representative of a depreciated paper currency; and the wish was yearly expressed that the chink of the coin should be heard elsewhere than within the walls of the Mint and the vaults of the Treasury. Those days have happily arrived, but the greenback has been so thoroughly tested and its virtues are so greatly over-rated, that the people utterly refuse the yellow coin

which it was supposed they would welcome back with eager hands. The force of habit is stronger than the love of gold, and convertible paper is everywhere preferred to coin. Those citizens of New York who have had occasion to visit the Assay office in this city during the past two or three years, soon after the arrival of an ocean steamer, may have seen large amounts of gold coin from every portion of the world, among which were thousands of pieces of English sovereigns, French napoleons, German marks and even Japanese yens mercilessly and almost wickedly poured into the melting pot.

During the last fiscal year, owing largely to these importations, 106 millions of coins were manufactured at the different mints, with the assistance of the Assay office in this city. The gold coinage was the largest of any year in the history of the Government, and is estimated to have been greater than the coinage of ten of the other principal countries of the globe. The coinage of silver is known to be much larger than that of all other nations, with the exception of India, which exceeds our own. The official reports so admirably compiled by the Secretary of the Chamber of Commerce, in the report which has just been issued, show the total amount of gold and silver coin in the country at the present time to be at least 685 millions, while the whole coinage from the foundation of the Government is 1532 millions. If, to these data concerning the National banks, which has already been given, there is added a reasonable estimate of the receipts of the State banks and private bankers at corresponding dates, it would be found that three-fifths, or sixty per cent., of the receipts of all the banks of the country upon any given day were received by the banks and bankers of this city, and that two-fifths or forty per cent. only, were received by banks and bankers elsewhere. These data also show that the proportion of gold coin received was less than one and one-half per cent.; of silver, less than one-quarter of one per cent.; of paper money, less than five per cent., and of checks and drafts about ninety-five per cent.; while the proportion of receipts of the banks in this city were more than ninety-eight per cent. in checks and drafts, and less than two per cent. in coin and paper.

If a comparison is made between the annual coinage, or the amount of coin in the country, and the daily receipts or payments of the forty-eight National banks in this metropolis and the 2100 National banks located elsewhere, from whom we have returns, it will perhaps bring out in the strongest light the relations between these institutions located at this commercial center and those located in the other cities and villages of the Union.

If the daily receipts or payments of the banks of the country were to be made exclusively in gold and silver coin, the total coinage of the year, amounting to 106 millions, which has kept employed in its manufacture the whole force of the five mints of the country (consisting of a small regiment of men) during the entire year, would be sufficient only to supply the banks of the country in making payments for one-third of a bank-day, or one hour and forty minutes! This 106 millions, the total work of a year, if used exclusively, would be exhausted by the forty-eight National banks of the City of New York alone in about three hours, and if used exclusively by the banks outside of the City of New York, would be exhausted in about four hours. The whole of the coin estimated to be in the country, 685 millions, would supply the forty-eight National banks of the City of New York only about four days, and the 2100

banks outside of the City of New York about five days. The whole coinage of this country from the date of its organization, amounting to 1531 millions, or the total coin and currency now in circulation, if used exclusively in making payments would be sufficient to supply the forty-eight National banks in New York with the means of making payments for only nine and one-half days, and the National banks elsewhere but twelve days. These facts are not simply curious and interesting, but they exhibit more plainly than any tedious comparison of bank statements how wonderfully the City of New York maintains its position as a monetary center —as the great Clearing House of the western world.

In this view, how insignificant appears the amount of the coinage of the mint and the amount of the issues of paper money of which we hear so much talk both in and out of Congress! The use of coin and currency is almost nothing in proportion to the use of the modern instrument of checks which we find upon the remotest frontier, and which are a part of the machinery of the banker, and which were first introduced into English use only about a hundred years ago. A single check pays for houses and lands, for mines of gold and silver and for long lines of railway. The coin and currency are useful only in small transactions and in paying the daily balances.

But the work of the mint which seems so little in comparison with the immense payments of the country in the transaction of its business, is, for all that, as we all know, of the greatest importance. The aggregate production is not large in proportion to the yearly payments, but the mint in effect fixes the standard of value and certifies that every one of the annually payments of banks amounting to 300 millions a day, or 90,000 millions annually, represent a dollar nine-tenths fine and twenty-five and eight-tenths grains weight; and every transaction not made upon this basis is a fraud. The mint in effect proclaims to the people that the measure we have used in the immense business transactions of the year has been a true measure of value, as ascertained by test of weight and fineness required by law.

Like all natives of this State—I may say like all American citizens—I look forward with certainty to the continued progress and rapid development of this city, and believe it is to be the leading metropolis of the world. How soon this will be depends largely upon the continued sagacity, enterprise and prosperity of the present and future members of this Chamber.

The quotations of four per cent. and four-and-one-half-per cent. bonds during the past week show that the rates of interest realized to investors in these securities was, for investors in the four per cents. about 2.84 per cent., and to investors in the four and one-half per cents. about 2.68 per cent. The borrowing power of the Government is thus seen to be greater than at any previous time and greater than that of the most favored nations elsewhere, both the French and English securities realizing to investors higher rates of interest.

I expect not long hence to see in the newspapers of this city the advertisements of your eminent bankers for the purchase and sale of English consols and French rentes, and the securities of the other nations of the globe; and the quotations of their funds in your commercial journals and their purchase and sale will be among the first indications that New York will contest with London the right to be the monetary center of the world.

CURRENT EVENTS AND COMMENTS.

COTTON MANUFACTURE IN GEORGIA.

A letter from Columbus, Ga., published in the Baltimore *Sun*, contains interesting information regarding Southern manufactures. Of the ten cotton mills at Columbus, the writer selects the earliest, the Eagle and Phœnix, as the one whose history best presents the operation of the economic causes which give success to all. The mill was established in 1867, with an exclusively Southern capital of $600,000, on the bank of the Chattahoochee, a river which, at Columbus, affords 36,000 practical horse power. Nine years later, in 1876, with uninterrupted dividends, a surplus has been accumulated sufficient to build a new mill, larger and better appointed than the old one, and since that time, besides dividends of from eighteen to twenty-one per cent., earnings have been sufficient to pile up a surplus of $600,000. So much for the stockholders. The community has been equally benefited. Population, culture and wealth have advanced rapidly. A Savings bank started in 1873 has to-day deposits amounting to $900,000. . . . The cheapness of cotton in the cotton field, the cheapness of labor South as compared with labor in the North, the milder climate which affects a saving of twenty per cent. on the cost of living during the winter, and the fact that the cost of labor per pound of product is four and one-half per cent. less in summer than in winter—these are some of the more important causes of the big dividends which so astonish New England manufacturers. Mr. Edward Atkinson, in 1879, demonstrated that, all things considered, the New England factories cleared, on the capital invested in them, dividends seldom, if ever, exceeding eight per cent. . . . The economic factors constituting the advantage of the Southern manufacturer over his New England competitor are these: An advantage in the price of cotton of fifteen per cent.; in the cost of labor twenty per cent.; in the freight per hundred pounds from the cotton fields to Boston of eighty-five cents; in the savings effected by being nearer to the Southern and Western markets for manufactured goods amounting to as much more.

GOLD PRODUCTION IN NOVA SCOTIA.

The production of gold was only 10,756 ounces in 1881, against 13,234 ounces in 1880, a decrease of 2748 ounces. This is the smallest quantity of gold raised in that province for twenty years, with the exception of the year 1874. On this point, the Inspector, Edwin Gilpin, Jr., says, that the continued decline in the product of several districts has out-weighed the increased production of several other districts.

CALIFORNIA COTTON.

"Everything," says the *Rural Press*, of California, "indicates that cotton will soon cut a figure in our produce reports. As we have shown from time to time, there are experiments being tried in nearly all parts of the State, from Tehama to Los Angeles, and the weight of experience has been favorable. Kern County has usurped the place which was held some years ago by Merced County, although the latter still grows cotton and may yet be the banner county. We read in a Bakersfield paper that ninety-six

bales of cotton were shipped from the Belleview farm to San Francisco recently, for the use of the Oregon Woolen Mills, located at Salem, the capital of the State, which are noted for the fine cassimeres and blankets they turn out. The agent of the company, through whom this transaction was effected, says this cotton is superior to the article they have heretofore imported from the cotton States."

GLUCOSE INDUSTRY.

The growth of the glucose industry continues, and constitutes an important factor in the consumption of our enormous annual product of Indian corn. One year ago, as noticed by *Bradstreet's*, the annual consumption of the glucose factories of the United States was about 8,000,000 bushels of corn. Recent statistics go to show that the capacities of the glucose manufactories now running, or ready to run, in the United States, is 11,000 bushels of corn per annum.

CULTIVATION OF FORESTS.

Forestry is beginning to engage the attention of certain localities in the New World, but in the Old World the forests that remain are guarded with jealous care, and afford large revenues to their possessors. The State forests of France amount to 3,000,000 acres, it is said, and yield an annual revenue of $5,000,000. Many of the provinces and departments, also, are large forest proprietors. Germany has about 35,000,000 acres in forest, nearly one-third of which belongs to the State, one-sixth to the communes, and somewhat less than one-half to private individuals. Other European countries have large forest areas with correspondingly larger revenues. In Ohio a commendable zeal for tree planting has taken the novel form of a proclamation by the Governor, in accordance with a resolution adopted by the Legislature, advising people to turn out on a certain day to plant saplings by the roadsides, around their houses, or, when practicable, in groves. Some twenty or thirty years hence the value of an annual practice of this kind will be realized.

WHEAT PRODUCTION.

The production of wheat in this country in 1850 was 100,485,944 bushels; in 1860, 172,643,185 bushels; in 1870, 287,745,626 bushels, and in 1880, 459,470,505 bushels. In 1839 Ohio was the greatest wheat-growing State; now Illinois takes the lead, raising annually upward of 50,000,000 bushels. The wheat-growing industry has been steadily moving west for more than half a century. Western New York and Eastern Pennsylvania were once the great wheat sections. Then Ohio had its turn. Afterward Indiana, Southern Michigan, Northern Illinois and Wisconsin made wheat the chief crop, to be succeeded by Iowa, and now by Minnesota, Nebraska and Dakota.

SCOTTISH EMIGRATION.

An emigration craze is once more affecting Scotland, and it seems not unlikely that it will equal that of 1852, when the "California Gold Fever" was at its height. In 1852 over 368,000 persons left the United Kingdom, of whom nearly two-thirds went to the United States; the inducement being the prospect of making a fortune at the "diggings." In the present instance, however, there is no such attraction. The whole country is affected by the movement, but it appears to have taken an exceptionally strong hold in Edinburgh, where for some time the building and

other trades have suffered from an over-supply of labor. It appears no fewer than about 300 persons have left Edinburgh weekly, of late, for either America or the Australasian colonies, and should this rate be continued for three months longer—there being every probability that it will be exceeded—a total of between 4000 and 5000 persons will have been abstracted from the population of that city. The greater part of those going out are working men, the clerk and shopkeeper class being almost entirely unrepresented amongst them. Few of the emigrants possess much capital, any savings which they may have had being mostly swallowed up in traveling expenses, which, if a large family has to be provided for, sometimes amount to as much as £70.

COST OF THE GERMAN NAVY.

Now that Congress is seriously considering the building of half a dozen new vessels for our navy, the following figures contained in a report from our consul at Chemnitz, showing the cost of the principal vessels of the German Navy, will be found interesting:

Konig Wilhelm	$2,424,473 30	....	Bayern	$1,649,420 70
Deutchland	1,961,227 10	....	Friedrich Karl	1,535,884 45
Kaiser	1,957,795 60	....	Kronprinz	1,498,619 60
Sachsen	1,857,227 00	....	Hansa	729,568 00
Friedrich der Grosse	1,738,213 25	....		
Preussen	1,675,067 10	....	Total for ten vessels	$17,007,496 10

CONSUMPTION OF HORSE FLESH.

An official report just published shows that since the time when horse flesh was first retailed in Paris as an article of human food the consumption of that delicacy has steadily increased. In 1875 the number of horses slaughtered for this purpose was 7000, and this had risen to 9000 in 1880, and again to 9300 in 1881. Besides these there were sold at the forty establishments exclusively devoted to carrying on the business, ten carcasses of donkeys in the first-mentioned year, 320 in the second, and 400 in the third. The estimated weight of horse flesh consumed in Paris last year was about 1670 English tons, in addition to about eighteen tons of donkey flesh, without reckoning the offal, which is used in the making of sausages!

INCREASE OF WHEAT PRODUCTION IN FRANCE.

Through extended and improved cultivation, the annual yield of wheat in France has nearly doubled since 1820. About 100,000,000 hectoliters is now got from 7,000,000 hectares (or more than fourteen hectoliters per hectare), as against 50,000,000 to 55,000,000 hectoliters from 5,000,000 hectares (or hardly eleven hectoliters per hectare) in 1820. M. Dubost indicates, by the graphic method, in *La Nature*, the growth of the production in five-years periods, showing that in the nine periods from 1820 to 1864 there was a continuous increase in the yearly average from 54,500,000 to more than 100,000,000 hectoliters. Then the average for the tenth period (just before the war) fell below 98,000,000; in the eleventh (1871–5) it rose above 101,000,000; but in the last (1876–80) it fell below 94,000,000. Neighboring years often show enormous differences, and more so in the later periods—*e. g.*, there was a difference of 64,000,000 hectoliters between the minimum of the eleventh period in 1871, and its maximum in 1874. Through bad harvests, the price of wheat was in some places 30f. the hectoliter in 1830 and 1831; it was as high as 50f. in 1847; 35f. and 36f. in 1867 and 1868, &c. On the other hand. it fell to 8f. or 9f. in 1822, 1824, and 1825; was constantly under 10f.

in 1834 and 1835; 10f. or 11f. after 1847, and 12f. after 1858. Owing to extension of commercial relations, the price, in recent plentiful years like 1872 and 1874, did not fall below 20f., and in recent years of deficit it is always far from attaining 30f. The total value of French wheat now exceeds annually two milliard francs (a little under a third of the value of the whole agricultural production).

WHEAT CONSUMPTION IN FRANCE.

The consumption of wheat in France says M. Dubost in *La Nature*, has increased pretty regularly at the rate of about 10,000,000 hectoliters in each ten-years period from 1820 to 1880 (or a million hectoliters a year). During the first five of these decennial periods, the National production nearly sufficed, for the consumption and importation was small. But in the sixth period (1870–80) there was an average importation of 10,000,000 hectoliters annually (or more than a tenth of the total consumption); this was concentrated mostly in 1878–79–80, when 74,000,000 was imported. In this decennial period more than two milliard francs must have been paid to foreigners. Referred to the average population, the total consumption corresponds to an annual provision of 146 liters in the first ten-years period, 229 liters in the fifth, and 258 in the sixth. In this last foreign wheat figures for twenty-seven liters, or nearly the whole increase on the previous period. M. Dubost estimates that while the daily ration of wheat and bread would be about 300 grammes in 1820-29 it grew to about 530 grammes in 1871-80. Spite of this increase it appears from modern scientific data that the French have not enough wheat. M. Dubost fixes at 700 grammes the proper daily ration of wheaten bread for an individual; and on this basis, while a supplement of 62,000,000 hectoliters would have been required in the first 10-year period, 30,000,000 would have been necessary in the sixth. This amounts to saying that in the first period there was sufficient wheat for only 14,000,000 of the French out of 32,000,000, and in the last period for 28,000,000 out of 37,000,000. Thus, notwithstanding progress, 9,000,000 of the population have had to eke out a deficient supply with inferior grains, and potatoes, chestnuts, &c.

AMERICAN COMMERCE WITH SOUTH AFRICA.

American commerce with the South African colonies has tripled during the last two years. . . . American imports are chiefly confined to wool, ivory, feathers, and wine. The latter comes principally from Cape Town, which has been an extensive wine-growing district for years. The varieties of the wine are Pentak, sherry, and Constantia, the latter being somewhat of a novelty in America, although well known and liked in England. The colony wool product is ranked with that obtained from the Australian colonies, and commands quite as good a price. Vessels coming to America bring cargoes of the colonial produce at rates averaging forty shillings per ton. The present prosperity of these places has been attributed to the discovery of diamond fields some time ago and to the more recent unearthing of the Leydenburgh and Pretoria gold fields, these latter mines equaling in richness of mineral some of the prominent Australian mines. The announcement of these discoveries had the usual result of drawing forth a strong tide of immigration, and prosperity now reigns, labor being abundant at wages ranging as high as in this city. The steady inter-trade is set forth by the statistics as follows: Imports—1879, $864,796; 1880, $1,696,334; 1881, $2,505,904 exports—1879, $2,394,507; 1880, $2,322,178; 1881, $2,168,076.

A NEW MODE OF TRYING REVENUE CASES.

The present mode of determining claims for revenue is very slow, expensive, and unsatisfactory. It is evident that a cheaper and more expeditious way ought to be provided. Senator Sherman has introduced a bill providing for the organization of a special tribunal to try such cases or of transferring them to the Court of Claims. Last December he wrote a letter to Judge Richardson, a member of that Court, and the successor of Mr. Boutwell, as head of the Treasury, on the subject, and the following reply has just appeared in print.

CHAMBERS OF THE COURT OF CLAIMS,
WASHINGTON, D. C., Dec. 23, 1881.

Hon. John Sherman, United States Senator:

MY DEAR SIR: You do me the honor, in your letter of the 19th instant, of asking me to state in writing my views upon the subject of making some better provisions for the hearing and determination of appeals from collectors of customs and other customs officers, in customs revenue cases, than now exist under the present system.

I have thought much on the subject during the past eleven or twelve years. I was convinced while in the Treasury Department, from my five years' experience there, as you say you were from your experience as Secretary of the Treasury, that it was of great importance both to the United States and to private litigants, that something should be done for the relief of the department, the courts, and the parties interested. Further reflection during the more than seven years that I have been in this Court, has confirmed that conviction. The existing evils are numerous, and the plan proposed by the bill introduced by you in the Senate, affords an easy remedy and complete relief.

Under the existing system, if an importer is dissatisfied with the rate and amount of duty assessed by a collector upon any importation, he must, within ninety days, appeal to the Secretary of the Treasury. Practically, such an appeal is to the Treasury Department, and is generally heard by the head of the customs division, or an assistant secretary, since it would be utterly impossible for the Secretary himself, with all his other numerous and important duties pressing upon him, to give personal attention to the thousands of appeals that reach the department every year from the collectors of customs.

If the importer desires a hearing on his appeal, he must come to Washington with his witnesses, and first submit his case to the Treasury officials. They are executive and not judicial officers, and do not have the same facilities and safeguards for the trial of cases that mark and distinguish the proceedings in courts of justice; the hearing is entirely *ex parte*. It is always unsatisfactory to try controverted questions of law or fact before executive officers, and none feel the embarrassment more than do those officers themselves.

As a general proposition, no one would deny that, as far as practicable, executive officers should be relieved from the duty of determining controversies which involve disputed questions of fact or law.

But that the importer must first try his case before executive officers, at considerable expense and delay, is perhaps the least of the difficulties to which he may be subjected. If he is dissatisfied with the decision of the Treasury Department, he may bring his action, within ninety days, against the collector, in the Circuit Court of the United States, or in a State court, as the case may be. Or, if the Department delays a decision beyond ninety days, then he may bring his action without waiting longer for the Department to act.

To a large extent the courts are thus resorted to, more for the purpose of settling questions of construction of the revenue laws, as applied to particular

classes of importation, than to recover back the money paid in the particular cases themselves, in order that importers and domestic manufacturers may know for a certainty to what rate of duty the goods are to be subjected in the future. Speedy trials and uniformity of decisions are, therefore, of the first importance. Under the present system they have neither.

It is well known that the courts in which this class of cases are tried are crowded with business, and are three or four years behind in their dockets, with several thousand customs-revenue cases still pending. Then, if either party carries a case to the Supreme Court of the United States after a final hearing and decision in the Circuit Court, there is another delay of several, often making seven or eight years in all.

The several revenue cases decided by the Supreme Court in 1881, and reported in 103 United States Reports, were brought against Chester A. Arthur, now President, when he was collector, upon importations made in 1873, nearly eight years after the importation; and the long delay in those cases was not exceptional. During all this time counsel have to be employed and the taxable cost is accumulating. When the case is finally determined by the court of last resort, the losing party is subjected to a bill of cost frequently greater than the amount of duties which is in controversy. Moreover, after this long delay, the class of goods to which the case relates may no longer be imported in precisely the same condition of manufacture, and the judgment and decision finally rendered may therefore be of no benefit as a precedent. But the objections to the present system do not end here. Uncertainty of results, controlled as they may be by technicalities of judicial proceedings in the courts of common law, by the hurry of jury trials, by accidents incident thereto, and by the success which one party or the other may have in obtaining witnesses to appear in open court on the very day of trial.

In controversies between individuals the public has no interest, nor have any persons any special intetest therein besides the litigants themselves.

Not so in the customs revenue cases. In them all importers and all domestic manufacturers of the same articles are deeply interested, as the results, if followed as precedents, directly affect their business. And yet they have little or no means of knowing what questions are in litigation beyond those which are involved in their own cases in court.

Moreover, the general public, who are purchasers and consumers of imported goods, are not only interested in the rate of duties charged, but are among the actual sufferers by the present uncertainty and delay. If the collector exacts the highest rate of duty upon any class of goods, the importer adds it to the cost of the goods, and the consumers pay it. If he bring his action to recover back an excess alleged to have been imposed by the collector, and is successful, the amount recovered does not go to the consumers who actually paid it, but to the importer as additional profit.

There are a large number of courts in which these actions are brought, and they are in different parts of the country, widely separated. Experience has shown that their decisions are not the same in the different courts on precisely the same questions. Not only that, but instances have occurred in which two cases exactly alike, in the same court, have been submitted to different juries, at the same term, with opposite results in the verdicts. Often one importer recovers back the money paid by him, while another does not, in cases exactly alike. In such cases no principle is settled by the verdict of a jury. Importers and manufacturers in New York are unaware of the cases and questions pending in New Orleans and San Francisco, as are the importers and manufacturers of every State unaware of the pending cases in other States; and they may be affected by decisions, if followed as precedents, in cases which they have no control over, and which may have been badly tried and inconsiderately decided.

The remedy proposed is simple, inexpensive, and requiring no new organization. It merely transfers the duties, in part, from one set of public officials to other public officials, with no additional cost, and with great reduction in expenses, both to the Government and to importers, and at the same time affords relief to the common law courts, which are overwhelmed with business.

It is not all appeals that the parties desire to litigate in the courts. Many

of them are unimportant, either in the amount involved or the questions raised. These may well be settled in the Treasury Department, as now.

So your bill proposes to give to parties the option, when taking their appeals, to appeal either to the Department or to the Court of Claims. If they appeal to the Department, they are to be bound by the decisions there rendered, and no further litigation is to be had thereon.

If they have important and complicated questions of fact and of law to be litigated, and desire the judgment of a court thereon, they will appeal directly to the Court of Claims, instead of bringing suit in the Circuit Court, or in a State court, against the collector. The collector has no interest in the matter, and is merely a nominal defendant. The controversies are really with the United States.

By the method proposed, the cases actually intended for trial in a court of law—cases involving important principles—will be separated from the ordinary appeals, and taken at once to the court for adjudication without the expense and delay of a preliminary hearing in the Department; and thus speedy trials will be had and early adjudication obtained.

The Court of Claims is organized for the express purpose of trying cases against the Government, or, more properly speaking, in the language of the act of its organization, "for the investigation of claims against the United States." In one of the circular letters issued by you when Secretary of the Treasury, it is thus referred to:

"The Treasury Department is admirably organized to pass upon the accruing demands upon the Government and upon the accounts of disbursing officers. All its machinery and checks are adapted to this duty, and no serious complaint has been, or is likely to be made, of the proper discharge of this duty. But when claims long past due are presented upon *ex parte* evidence to officers who have no means of calling witnesses, no powers to cross-examine them, no modes of testifying the sufficiency of testimony or its credibility, none of the safeguards of an open court of justice, the passage of fraudulent claims is unavoidable. Congress has by law provided a court of claims, where, within a limited period, all demands founded upon contracts may be presented and openly tried and decided. If this remedy in any case should be insufficient, claimants can appeal to Congress, which may grant either a new trial in the courts or a re-examination in the departments, or directly furnish such relief as it deems right and proper. The Treasury Department is not a court of claims, and the reason for withholding the ordinary powers of such a court became apparent to Congress by actual errors that had occurred."

There can be no doubt that the Court of Claims is peculiarly fitted for the investigation and determination of customs-revenue cases. It is composed of five judges whose whole time is devoted to the study and consideration of the statutes and laws of the United States.

The judges all sit in each trial, so that the minds of all are brought to the independent consideration of each case and each question raised and the law expressly requires the concurrence of at least three judges for the entry of any judgment.

The investigations are conducted with great deliberation and thoroughness. There is no jury, and cases are not subject to the accidents and uncertainties of jury trials. Parties are not turned out of court on technicalities which further time would enable them to remedy, but the Court endeavors to have the cases investigated on their merits. All the testimony is taken in writing and printed, and is open to the examination of not only the litigating parties while the cases are in preparation, but to that of all other persons who may be interested in the questions involved.

Thus importers and domestic manufacturers could easily know of every pending case affecting their interests and exactly what testimony was introduced in each. The cases being all in one court, and all the proceedings being in print, it would not be difficult to keep the run of the whole business.

The Court, after the trial, draws up carefully prepared "findings of facts,"

and gives an elaborate opinion upon the law. These findings and opinions are printed at once for distribution to persons interested, and are published in volumes of reports for permanent preservation as precedents. In a short time these reports would contain an invaluable collection of customs-revenue cases which would be certain guides. The decisions being rendered all by the same court, there would be uniformity and certainty, which are, above all things, desirable in the administration of the law; for, as was said by Sir Edward Coke two hundred years ago, "the known certainty of the law is the safety of all."

It may be said that parties from distant parts of the country would be compelled to go a long way to try their cases, but that will prove to be no objection when it is known how the business is conducted in the Court of Claims. Parties and witnesses are not required to appear before the Court, and counsel, even, may never be there in person, and yet may conduct their cases from beginning to end. Let us take a case and follow it. An appeal is taken to the Court of Claims from the Collector of the Port of New York. The appeal may be forwarded to Washington by mail, with a petitition setting out the particulars as now required by law; and it is entered on the docket by the clerk. No fees are to be paid, and no costs are taxed, from the beginnlng to the end. Parties go on in New York, or elsewhere, and take the depositions of such witnesses as they wish to examine. This they do at their leisure, from time to tlme, as opportunity and convenience permit. Each party has an opportunity to cross-examine all the witnesses of the other party. When the claimant has his case prepared to his satisfaction, and the defendants have, in like manner, put in their evidence—which the claimant has all the time he desires to examine and to answer—he puts the case on the trial docket by letter to the clerk. The Court will, if requested to do so, fix a day for trial according to the wishes of distant counsel, so that they can go to Washington and try their case, or rather argue their case, orally, with no loss of time. The counsel can file a printed argument, and so not leave their office at all, and not once go to Washington from the inception to the close of the case.

If the claimant's case is lost, he is not mulcted in a bill of costs, as in courts of common law, and the whole proceedings he will find, whether he wins or loses his case, are attended with far less expense than are ordinary suits at law.

If parties should deem it desirable, the Court might be required or permitted to sit in New York, Philadelphia, or elsewhere, at stated periods or in special cases.

To the Government the plan proposed would be as advantageous as it would be to individuals. The Treasury Department would be relieved from a troublesome class of cases, which often involve its officers in disagreeable controversies and collisions with importers, manufacturers, and others, and subject them to unfair criticisms and unjust imputations. It would save the enormous expense now incurred in the trial of cases in different circuit courts of the United States, amounting to more than one hundred thousand dollars a year, and it would bring all the cases into the office of the Attorney General at Washington, where they would be prepared under the immediate supervision of the Attorney General and his assistants, with the aid of the Solicitor of the Treasury and other officers of the Treasury Department familiar with the question to be tried.

While I am quite sure that the bill which you have introduced, if enacted into a law, would establish an admirable system, which would work easily, inexpensively, and satisfactorily, I am aware that amendments in the details may readily be suggested to meet the different impressions of different persons, and to such it would be well to yield a ready assent, in order that the views of as many persons as possible may be adopted, provided the main features of the bill are not undermined.

I am, very respectfully, your obedient servant,

William A. Richardson.

THE CAUSES OF OUR PROSPERITY.

The following extract from the speech of Abram S. Hewitt on *Labor, Wages and the Tariff*, which was delivered not long ago in the House of Representatives at Washington, is a very clear and admirable setting forth of the causes of our recent prosperity.

CAUSES OF PROSPERITY.

For six years, between 1873 and 1879, the country had been economizing its resources and paying its debts. It was a period of the strictest economy, public and private, and of the accumulation of capital in the shape of convertible assets. The transfer of floating into fixed capital had practically ceased, and is sufficient to account for the want of an adequate demand for labor in the ordinary channels of business. It was a period of incubation and of recuperation. The resources of the country had been overstrained and exhausted by the expenditures of the war, and by the delirium of an incontrovertible paper currency, which produced an unnatural exhilaration in the industrial system. The reaction was necessarily severe. It did not and could not cease until the currency was placed on the solid basis of convertibility into gold, the universal standard of value in the world of commerce. This restoration of the currency of itself set free as money, and added to its available stock, all the accumulation of the precious metals in the Treasury, which before had been as dormant as if they were still locked up in the mines whence they had been extracted. It is the rapid circulation of money, and its availability for immediate use, rather than its mere existence which produce activity in business and inspire a healthy trade. The freeing of $250,000,000 of coin, before denied an outlet into the channels of commerce, would alone have been sufficient to restore confidence, and give new life to the energies of the people.

But contemporaneous with the resumption of specie payments, and preceding it for a sufficient time to make resumption possible, came the period of famine in Europe and of abundance in the United States, whereby the balance of trade, so long adverse, was turned in our favor, and from being a debtor nation we were enabled to pay off all our floating obligations, largely to reduce our permanent debt to foreigners, and to draw from Europe a vast sum in actual specie: in 1879, $12,853,594; in 1880, $85,239,284; in 1881, $105,393,594: making a total of $203,481,472 up to the month of January, 1882, when the tide turned, and the outward current has set in. Besides this great addition to our reserves of specie we were able to retain the entire production of our gold and silver mines, amounting in the same period to over $200,000,000, making a total addition in three years to the bullion and coin reserves of the country of over $400,000,000, a sum which dwarfs the treasures of "Ormus or of Ind," recalling the tide of wealth which after the discovery of America served, through Spanish channels, to revolutionize the whole face of European commerce.

Besides such causes as these, with the effect of which economists were familiar and could predict, there was another element in regard to which no previous experience existed, and which added to the net profits of our foreign trade an amount which has not been estimated, and which but few persons appreciate. I refer to the cheapening of transportation caused by the substitution of steel for iron rails, and the general introduction of screw propellers and compound engines into ocean steamers. The economy of these improvements have inured to the benefit of the United States chiefly, and the reduction in cost has been added to the profits of the producers upon this side of the ocean, while they have not been of corresponding advantage to the countries who compete with us for supplying the manufacturing nations of Europe with food.

The current price of grain, like that of other products, depends upon the demand and supply from day to day, and from week to week, but the underlying and pre-existing conditions of production determine the average price at

which grain may be permanently and regularly supplied. In Great Britain, which affords the great market for our food products, the cost of production is increased by a system of rents which must be added to the natural cost of production. Our great competitors for supplying the English markets with grain are yet without any considerable railroad system, lack the best tools of production, such as plows, reapers, and thrashing machines, and have no elevators for handling grain at the ports of shipment.

Such were in brief the conditions of competition when our railroad system, steadily growing and expanding, reached the greatest and most fertile portions of the wheat-growing regions of the valleys of the Mississippi, the Missouri, the Saskatchewan Rivers and their tributaries. The introduction of steel rails, the cost of producing which had, by invention and experience, been reduced to an equality with iron rails, so rapidly brought down the expense of transportation, that within ten years the charges of carrying grain have been reduced from 1.59 cents to .3945 cents per ton per mile during the recent railroad war. In the same manner the cost of ocean freights have been reduced from 10.56 pence in 1873 to 4.13 pence in 1881 for a bushel estimated to weigh sixty pounds. The whole of this reduction in the cost of transportation from the farms of the West to the grain markets of Europe has gone into the pockets of the producers and has been added to the wealth of the United States, and this has happened because the unusual scarcity of food in Europe has afforded an adequate market for our entire surplus. I estimate that the sum thus added to our National wealth in three years amounts to a sum larger, including the saving on domestic consumption, than the whole value of the food products which we have exported to foreign countries.

To Sir Henry Bessemer chiefly, and to our lately deceased countryman, Alexander Lyman Holley, who perfected Bessemer's invention, do we owe these vast results, which are rapidly changing the face of society, undermining the strongholds of privilege and monopoly, and will ultimately transfer the primacy of industry from the European to the American continent, unless we obstruct the course of nature by artificial impediments and unwise legislation.

The result of this great invention is already to be seen and felt in the land movement in Ireland, Scotland, and England, certain to end in the downfall of the aristocratic system, and the transfer of the land on equitable conditions to the actual cultivators of the soil. When this is accomplished, the margin of profit now realized from supplying Europe with food will be reduced, and for this curtailment of profit we must prepare by making the conditions and cost of production more favorable than they are now. In other words, every obstruction to the cheap production of food from unnecessary taxes, either National or municipal, must be removed, and every possible element of economy must be introduced. But the pressure from this direction is not yet felt, and will not be felt until abundant harvests in Europe shall reduce the average price of grain.

Now, the result of the cessation of the era of depression, stagnation, rest, and recuperation which followed the panic of 1873, and of the revival of business due to the substitution of good money for bad money—of the fortunate concurrence of unlimited markets for our food products, with the cheapening of transportation due to the application of new and most beneficent inventions, of which we are able to appropriate the first and best fruits, has been to reopen the channels of immigration which had been closed for five long and weary years, thus restoring an element of growth and prosperity which had been absent for a time. The number of immigrants who came to our shores in 1879 was 250,565; in 1880, 593,703; in 1881, 720,045; making a total in three years of nearly 1,600,000 persons—exceeding the combined population of Maine, New Hampshire, and Rhode Island—and if it should continue as it is now proceeding in three years more the number of immigrants for six years will exceed the entire population of New England.

In the main this addition of our population consists of a hardy, frugal, and industrious class, who go direct to the land and aid in producing the products which we sell abroad. They have thus enabled us practically to reap the vast profit which has made the revival of business in this country a possibility and

a reality. They have brought us not only bone and sinew and muscle, but in actual money an amount which in the year 1881 is estimated to have exceeded sixty millions of dollars; and if ever a human being in the prime of life had a market value of $ 1000, then the productive power of this nation was increased over $ 700,000,000 by the emigrants who reached our shores in a single year.

I have not time to pursue further the estimate and statement of the inconceivable advance made by the United States during the last ten years in all the elements of wealth, and in the fundamental conditions which produce prosperity and business. The increase in population alone amounts to 30 per cent., but this increase gives but little idea of the growth of wealth during the decade which has just closed. When the census figures are available it will be found that we have made vast strides in the accumulation of capital, in the capacity for production, and in the development of the fundamental conditions upon which we may hope to enter into the great markets of the world with the products of our genius and industry applied to the forces of nature.

It is estimated by the best authorities that the wealth of the world increases, at the present time, at the rate of $ 10,000,000 per day, to which the United States contributes from one-quarter to one-third, and therefore grow richer at the rate of $ 2,500,000 with each revolution of the sun; but this increase, amounting to $ 1,000,000,000 annually, depends upon our having full employment for our labor in channels where it is usefully bestowed.

REORGANIZATION OF NATIONAL BANKS.

The Comptroller of the Currency has responded to the resolution of the House calling for his correspondence with the Second National Bank of Cincinnati, which has gone into liquidation. After reciting the House resolution and the facts concerning the organization of the bank, the capital of which was originally $ 100,000, but has been increased to $ 200,000, the communication of the Comptroller is as follows:

The President of the bank, the Hon. Benjamin Eggleston, called at this office early during the present month and informed me that it was the desire of the shareholders of that bank to organize a new institution at the time of the expiration of the corporate existence of the bank then in operation, so that the business of the old institution might be, as far as possible, continued by the new. He stated that there would be no opposition whatever to the organization of the new institution, and that all of the shareholders of the bank then in operation would be represented in the new association. Subsequently, on April 11, he addressed me the following letter:

SECOND NATIONAL BANK OF CINCINNATI,
CINCINNATI, April 11, 1882.

DEAR SIR: The charter of this bank will expire on the 25th of May, and the stockholders wish to form a new association, to commence business as soon as the old one goes out of existence, taking the same name, with the same capital, and in the present place of business. Our stockholders include many of our leading citizens, namely, Benjamin Eggleston, Warren Rawson, Charles Davis, James B. Wilson, Joseph W. Wayne and many others. Will you please give us your consent, and also send necessary blank forms. Any suggestions you may offer will be gratefully received.

Very respectfully,
WILLIAM S. ROWE, Cashier.

Comptroller of the Currency, Washington, D. C.

To the above letter I replied as follows upon the 13th instant:—

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
WASHINGTON, D. C., April 13, 1882.

SIR: I am in receipt of your letter of the 11th instant, relative to the approaching expiration of the corporate existence of your bank, which takes

place at close of business on May 25, 1882. Under the recent decision of the Attorney-General, there is nothing in the present law to prevent the stockholders of National banking associations, the franchises of which expire or which have gone into voluntary liquidation under sections 5220 and 5221 of the Revised Statutes of the United States, from organizing other National banking associations with the same name. To avoid difficulties which might ensue were you to wait until the expiration of your franchise at the close of business on May 25, 1882, the present association should be put into voluntary liquidation by the vote of the stockholders owning two-thirds of the stock under the sections above mentioned. The vote may be taken with the understanding that it is to take effect upon some future day, at least thirty days prior to the expiration of the franchise. A blank form is inclosed for the purpose of notifying this vote to this office, and the manner in which it should be filled up is indicated in pencil. The form of notice to bill-holders and creditors is also printed on the lower portion of this blank, with directions for its publication. If the day selected for liquidation be April 25, the new association can be organized so as to commence business upon the 26th. Your stockholders should proceed to organize the new bank in precisely the same way as if there had been no Second National Bank of Cincinnati in existence, paying in fifty per cent. of its capital, etc., as required by the National banking law. The minimum capital required for a National bank in Cincinnati is $200,000. It will be necessary for stockholders to pay up $100,000 of this sum before the new bank can be authorized to commence business. Any of the stockholders, not less than five persons, can enter into articles of association for a bank with a capital of two million dollars. If any are executors or trustees, evidence of their authority to subscribe for the stock of the new bank must accompany the papers. They can then execute an organization certificate and open a new set of books. The necessary blanks for the organization of a new bank are inclosed herewith. They should be executed in duplicate, and one original in each case sent to this office. The articles of association and organization certificate can be executed immediately upon the receipt of this letter and with the oaths of directors, and can be filed at once. The certificate of officers to the payment of capital should be filed within about ten days of the liquidation of the old bank, and at the same time at least $50,000 in bonds should be deposited to the credit of the new bank. After the new bank commences business its capital can be increased from time to time by the directors, under section 5142 of the Revised Statutes, until all the capital of the old bank is transferred to it. Blanks for certifying such increase to this office are inclosed in the new articles of association. The maximum of increase should be placed at such amount as may be deemed necessary, as it cannot (after it has been once fixed) be afterward changed. When the old bank is in liquidation its depositors can be requested to withdraw their accounts from it by check and reopen them with the new bank. Those not wishing to do so must be paid. The assets can then (with the consent of the stockholders) be transferred by the board of directors of the old bank to that of the new. The inclosed blank order for circulation can be filled out and sent with the certificate of officers and directors and bonds for deposit. New designs have been determined upon for notes of newly-organized banks, and this order will cover the new plates, which will cost perhaps not more than $75 each. The bill for plates will be sent hereafter. Within a reasonable time after the liquidation of the old bank its circulation can be provided for by a deposit of lawful money through this office with the United States Treasurer. The deposit may be made with the Assistant Treasurer of the United States in New York, and his certificate of deposit sent to this office. Prior to liquidation you can, by depositing lawful money in the same manner, release sufficient of the bonds of the old bank now on deposit so that they may be transferred to the account of the new bank. The amount required for this purpose will be at least $50,000, and the lawful money deposit will be $45,000. Blank forms are inclosed for authorizing the withdrawal and transfer of the bonds which may be executed and sent with the Assistant Treasurer's certificate and the Treasurer's duplicate receipt for the bonds to be withdrawn. The necessary withdrawal and transfer of $50,000 in

bonds may be sent with the certificate of the officers and directors to the payment of fifty per cent. of the capital stock of the new bank about ten days previous to the date of liquidation. The new circulation will not be ready until about thirty days after the new bank is authorized to commence business; all the circulation called for by your order will then be ready, and you can then begin to deposit lawful money to retire the remainder of the circulation of the old bank and transfer the remainder of the bonds to the new bank. As fast as these bonds are transferred the new circulation will be sent to you. The difficulties referred to in the third paragraph of this letter are outlined in the decision of the United States Supreme Court in the case of *Colby* v. *The National Bank of Selma*, 21 Wallace 609, or *Thompson's National Bank Cases* 109-112, which takes the ground that a National banking association after the expiration of its franchise has no existence for the purpose of liquidation. In this decision Justice Field says: "With the forfeiture of its rights, privileges and franchises, the corporation necessarily was dissolved, as the decree adjudging its existence as a legal entity was therefore ended, and it was then a defunct institution, and judgment could no more be rendered against it in a suit previously commenced than judgment could be rendered against a dead man dying *pendente lite*." This is the rule with respect to all corporations whose chartered existence has come to an end, either by lapse of time or decree of forfeiture, unless by statute pending suits be allowed to proceed to judgment notwithstanding such dissolution. The prolongation of the corporate life for this specific purpose as much requires special legislative enactment as does the original creation of the corporation. No such enactment is found in the act of Congress authorizing the creation of National banks and prescribing their powers. Nor is there any provision elsewhere that we are aware of which would prevent the dissolution of a corporation from working the abatement of a suit pending against it at the time."

Very respectfully,

JOHN JAY KNOX, Comptroller.

W. S. ROWE, Esq., Cashier Second National Bank, Cincinnati.

The Second National Bank of Cincinnati, 32, went into liquidation on the 25th day of April, 1882, under sections 5220, 5221 and 5222 of the Revised Statutes. It deposited $45,000 of lawful money with the Treasurer of the United States and withdrew $50,000 of the United States bonds. It filed in this office articles of association and an organization certificate, as required by section 5136 of the Revised Statutes; also a certificate of officers and directors, showing that the amount of capital stock provided in section 5140 of the Revised Statutes had been paid in. The oaths of directors were filed in this office, as required by section 5147 of the Revised Statutes. These papers were similar in form to the papers filed by the original bank on May 26, 1863, and such papers as are now required to be placed on file in this office by all associations organizing as National banks. Fifty thousand dollars of United States bonds were also deposited for the purpose of perfecting the organization, and the certificate authorizing the bank to transact business was transmitted to the President in my letter of the 25th instant, which was as follows:

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
WASHINGTON, April 25, 1882.

SIR: Inclosed find certificate authorizing the Second National Bank of Cincinnati to commence the business of banking, which please publish on the receipt thereof for sixty days in a newspaper, in accordance with the requirements of section 5170 Revised Statutes, and forward to this office one copy of the newspaper in which the same is inserted. Please have the organization number of your bank (2664) printed in plain large figures on your letter heads used for correspondence with this office.

Very respectfully,

JOHN JAY KNOX, Comptroller.

BENJAMIN EGGLESTON, Esq., President Second National Bank, Cincinnati, Ohio.

The number of National banks whose corporate existence has expired or will expire during the present month is eleven, in the following month of June sixteen, and in the month of July twenty-four. As it has been considered probable that some legislation would be passed by Congress extending the corporate existence of National banks, no printed circulars have been issued to the banks in reference to this subject, but written instructions, in accordance with the opinion of the Attorney-General of the United States of the 23d of February, 1882, have been given from time to time by various banks in reply to their communications, inclosing the usual blanks for liquidation and for the organization of new institutions. It will be seen that the organization of the new bank in the city of Cincinnati was easily arranged, for the reason that the interest of shareholders of the old bank was considered in the organization of the new Complications will, however, be likely to arise in the organization of new associations designed to succeed those whose corporate existence is to expire, unless some act is passed by the present Congress authorizing the present continuance of those National banks whose corporate existence will cease previous to February 25, 1883.

I am, very respectfully,

Your obedient servant.

JOHN JAY KNOX, Comptroller.

TAXATION OF BANKS.

SUPREME COURT OF THE UNITED STATES, OCTOBER TERM, 1881.

The Board of Supervisors of the County of Albany, Plaintiffs in Error, v. Edward N. Stanley.

The New York Act of 1866 taxing bank shares, but making no provision for deducting the debts of shareholders, is invalid in respect to such as owe debts, but valid in respect to shareholders who are not indebted.

It was also held in this case, that the assessors were not without authority to assess National-bank shares, that where no debts of the owners existed to be deducted the assessment was valid, and the tax paid under it a valid tax. That in cases where such indebtedness did exist, which ought to be deducted, the assessment was voidable, but not void. The assessing officers acted within their authority in such cases until they were notified in a proper manner that the shareholder owed just debts which he was entited to have deducted.

In error to the Circuit Court of the United States for the Northern District of New York.

Mr. Justice MILLER delivered the opinion of the Court.

This is a writ of error to the Circuit Court for the Northern District of New York, in which Stanley, the defendant in error, recovered a judgment against plaintiffs in error for taxes exacted and paid under legal process on shares of the stock of the National Albany Exchange Bank. A large number of the shareholders of the bank who had paid this tax made an assignment of their claims to Stanley, and he recovered a judgment in the action for the sum of $61,991.20, with interest and costs.

The ground of this recovery was that the statute of New York, under which the shares of the bank were assessed, was void, because it did not permit the shareholder to make deduction of the amount of his debts from the valuation of the shares of the stock owned by him, in ascertaining the amount for which the shares should be taxed.

The pleadings in the case set out the sums paid by the stockholders and their names, and their assignment to Stanley, the payment under compulsion of legal process, and a demand for the repayment on the Albany County authorities.

The case was submitted to the court on a waiver of trial by jury, and on the finding of facts and conclusions of law thereon by the court, judgment was rendered for plaintiffs. The facts found by the court are thus stated:

"*First.*—That the allegations of the complaint in regard to the citizenship of the plaintiff, the citizenship and powers and liabilities of the defendant, the organization and capital of the National Albany Exchange Bank, the ownership of the shares of capital stock of the National Albany Exchange Bank, the assessment of the stockholders, in said bank, named in said complaint, by the Board of Assessors of the City of Albany, the names and residences of said stockholders, the collection of taxes from said stockholders, and the payment of the same to the County Treasurer of the County of Albany, and the demand made by Chauncey P. Williams, before the commencement of this action of the Treasurer of the County of Albany, are true as therein set forth.

"*Second.*—That the amounts collected from the said stockholders and paid to the Treasurer of the County of Albany, and the times when the said amounts were so paid to said Treasurer, were as follows, to wit:

$907 90 paid...August	11, 1874	....	$1,473 02 paid...April	22, 1879
127 84 paid...August	11, 1874	....	11,604 75 paid...May	1, 1875
1,868 06 paid...May	1, 1875	....	8,147 26 paid...May	27, 1876
1,409 33 paid...May	27, 1876	....	7,822 34 paid...May	3, 1877
1,202 32 paid...May	3, 1877	....	7,357 94 paid...April	16. 1878
1,336 60 paid...April	17, 1878	....	6,243 20 paid...April	21, 1879

"*Third.*—That the sums above named were not paid voluntarily by said stockholders, but were forcibly collected by the Marshal of the City of Albany, under a warrant issued to such Marshal by the Receiver of Taxes of said city, pursuant to a warrant issued to said Receiver of Taxes by the Board of Supervisors of the County of Albany, by levying upon the property of the said stockholders respectively, as alleged in said complaint.

"*Fourth.*—That the said assessments were made and said amounts collected and received by the Treasurer of the County of Albany, as above stated, under color of an Act of the Legislature of the State of New York, entitled 'An Act authorizing the taxation of stockholders of banks, and surplus funds of Savings banks,' passed April 23, 1866, being chapter 761 of the laws of 1866, and not otherwise.

"*Fifth.*—That the allegations of the complaint with reference to the assignments by the respective stockholders of said bank of their claims against the County of Albany, by reason of the matters alleged in the said complaint, are true as set forth in said complaint, and that the plaintiff, at the time of the commencement of this action, was the holder and owner of all claims against the County of Albany, or against the defendant, arising out of the matters alleged and set forth in said complaint.

"*Sixth.*—That the said act of the Legislature of the State of New York, Chapter 761 of the Laws of 1866, did not permit the deduction of debts owing by the owners of stock in banks, or banking associations, in the assessment thereof for taxation, although such deduction of debts of the owner was, at the time of the assessments alleged in said complaint, permitted and required by the laws of the State of New York to be made from the value of every kind of personal property and moneyed capital, other than bank stock, in assessing the same for the purpose of taxation.

"*Seventh.*—That the allegations in the fourth count of said complaint, as to the presentation to the said Board of Assessors by said Chauncey P. Williams of the affidavit of his indebtedness, and the request by him for a reduction of his assessment on his bank stock, and the refusal of said Board of Assessors to make such reduction, and the application by said Williams to the Supreme Court of the State of New York for a writ of mandamus, and the subsequent legal proceedings thereon, including the decision of the Supreme Court of the United States, are true, as set forth in said fourth count."

It does not appear by this finding of the court that any shareholder, for whose payment of taxes this suit is brought, made affidavit or other application in regard to his indebtedness, that it might be deducted from his assessment, nor that any of these shareholders owed anything to be deducted from the assessed value of the shares held by them, except the seventh finding of facts in regard to C. P. Williams.

Unless, therefore, the other shareholders who paid the tax on the shares of their stock were entitled to recover back the sum paid, without any evidence that they had made affidavit of the amount which they would be entitled to deduct from the assessment of their shares, if the same rule had been applied to assessment of bank shares as to other personal property, and without any evidence that they owed anything whatever to be deducted from any assessment of their personal property, including bank shares, the judgment in this case cannot be supported.

The judge who decided the case on the circuit found as a conclusion of law that the assessment of all shares of National banks was void, because the statute of New York, under which the assessments were necessarily made, was void, as being in conflict with the act of Congress on that subject, and he declares, in an opinion delivered in the case of *The National Albany Exchange Bank* v. *Hills, Receiver of Taxes*, in a chancery suit, that the assessments in this class of cases are absolutely void, the assessors having acted without any jurisdiction.

If this view of the subject be sound—if the officers who assessed and collected this tax were utterly without authority to collect any tax whatever, or, if there was no law by which in any case they could assess and collect tax on shares of National banks—then it is of no consequence to inquire of anything beyond the fact that plaintiff's assignors did pay such a tax under legal compulsion.

On the other hand, if the law is for any purpose a valid law, and if it can be held to furnish the rule of taxation as to any class of owners of National-bank shares, then the onus is on plaintiff to show that his assignors are not of that class.

The question here to be decided arises under two statutes of the State of New York in regard to taxation.

The first of these is the Act of 1850, relating to the assessment and collection of taxes in the City of Albany. The sixth section of the Act requires the Board of Assessors to prepare an assessment-roll, in which there shall be set opposite the name of each taxpayer, (1) All his real estate liable to taxation and its value; (2) The full value of all his personal property after deducting the just debts owing by him.

Section 9 of the Act is as follows:

"If any person shall at any time before the assessors shall have completed their assessments make affidavit that the value of his real estate does not exceed a certain sum, to be specified in such affidavit, or that the value of the personal estate owned by him, after deducting his just debts, and his property invested in the stock of any corporation or association liable to be taxed therefor, does not exceed a certain sum, to be specified in the affidavit, it shall be the duty of the Board of Assessors to value such real or personal estate, or both, as the case may be, at the sum specified in such affidavit, and no more."

In 1866 the State enacted a law concerning the taxation of bank shares which was evidently intended to meet the requirements of the Act of Congress in relation to State taxation of the shares of National banks, and the provision of this statute related only to taxing stockholders in banks, and to the capital invested in individual banks. The first section of this Act reads as follows, and it contained no other provision for deductions as the basis of taxation, except what is found in this section:

"No tax shall hereafter be assessed upon the capital of any bank or banking association organized under the authority of this State or of the United States, but the stockholders in such banks and banking associations shall be assessed and taxed on the value of their shares of stock therein; said shares shall be included in the valuation of the personal property of such stockholder in the assessment of taxes at the place, town, or ward where such bank or banking association is located, and not elsewhere; whether the said stockholder reside in said place, town, or ward, or not, but not at a greater rate than is assessed upon other moneyed capital in the hands of individuals in the State. And in making such assessment there shall also be deducted from the value of such

shares such sum as is in the same proportion to such value as is the assessed value of the real estate of the bank or banking association, and in which any portion of their capital is invested in which said shares are held to the whole amount of the capital stock of said bank or banking association. And provided further that nothing herein contained shall be held or construed to exempt from taxation the real estate held or owned by such bank or banking association; but the same shall be subject to State, County, Municipal, and other taxation to the same extent and rate and in the same manner as other real estate is taxed."

In the case of *The People* v. *Dolan*, 36 New York R. 59, the question was whether, taking these two statutes together, an owner of shares of stock in a National bank was entitled to deduct from the assessed value of his shares the just debts owing by him. It was argued that into this Act of 1866 for the taxation of bank shares there should enter, as part of it, the provision of the Act of 1850 which allowed this deduction as to all personal property, and that nothing in the Act of 1866 forbids this or was inconsistent with it. It was also insisted that unless the Act of 1866 was so construed it would violate the Act of Congress which only permitted the shares of National banks to be taxed at the same rate as other money capital of the citizens of the State.

But the Court of Appeals overruled both propositions, and held that the true meaning of the Act of 1866 was that no such deduction should be made. and that as thus construed it was not in conflict with the Act of Congress on that subject.

In the subsequent case of *Williams* against *Weaver*, Williams, who was a shareholder in the National Albany Exchange Bank, made the affidavit required by section 9 of the Act of 1850, and presenting it to the Board of Assessors of the county, demanded a reduction in accordance with it, from the valuation of his bank shares. On the refusal of the assessors to comply with this request, a proceeding was commenced in the courts of the State, in which the Court of Appeals reaffirmed the principles of the case of *The People* v. *Dolan*. That case coming into this court by writ of error, it was here held that while we were bound to accept the decision of the highest court of the State in construction of its own statute, the Act of 1866 as thus construed was in that particular in conflict with the Act of Congress, because it did tax shares of the National banks at a higher rate than other moneyed capital in the State. In that case, reported in 100 U. S. R. 539, there are no words which declare the Act of 1866 to be void, but the careful language of the decision is, that "in refusing to plaintiff the same deduction for debts due by him from his shares of National-bank stock that it allows to others who have moneyed capital otherwise invested, it is in conflict with the Act of Congress."

Accepting, therefore, as we must, the Act of 1866, as construed by the Court of Appeals of New York, as not authorizing any deduction for debts by a shareholder of a National bank, is it for that reason absolutely void? This cannot be true in its full sense, for there is no reason why it should not remain the law as to banks or banking associations organized under the laws of the State, or as to private bankers, of which there no doubt exists a large number of both classes.

What is there to render it void as to a shareholder in a National bank, who owes no debts which he can deduct from the assessed value of his shares? The denial of this right does not affect him. He pays the same amount of tax that he would if the law gave him the right of deduction. He would be in no better condition if the law expressly authorized him to make the deduction. What legal interest has he in a question which only affects others? Why should he invoke the protection of the Act of Congress in a case where he has no rights to protect? Are courts to sit and decide abstract questions of law in which the parties before the Court show no interest, and which, if decided either way, affects no right of theirs?

It would seem that if the Act remains a valid rule of assessment for shares of State banks, and for individual bankers, it should also remain the rule for shareholders of National banks who have no debts to deduct, and who could not, therefore, deduct anything if the statute conformed to the requirements of the Act of Congress.

It is very difficult to conceive why the act of the Legislature should be held void any further than when it affects some right conferred by the Act of Congress. If no such right exists, the delicate duty of declaring by this Court that an act of State Legislation is void, is an assumption of authority uncalled for by the merits of the case, and unnecessary to the assertion of the rights of any party to the suit.

The general proposition must be conceded that in a statute which contains invalid or unconstitutional provisions, that which is unaffected by these provisions, or which can stand without them, must remain. If the valid and invalid are capable of separation, only the latter are to be disregarded.

In the case of *The Railroad Companies* v. *Schutte*, 103, U. S. R. 118. decided at the last term, this point was pressed upon us with much earnestness, and its decision was necessary to the judgment of the Court. "It is contended" said the Court, "that as the provision of the Act in respect to the execution and exchange of the State bonds is unconstitutional, the one in relation to the statutory lien on the property of the company is also void and must fall. We do not so understand the law." And yet this was a case in which the scheme of exchanging the bonds of the State for the bonds of the company, in order that the company might get the benefit of the better credit of the State, was accompanied by a mortgage created alone by the statute in favor of the State as her security, and the Court, while holding that the exchange of bonds was void as being in conflict with the constitution of the State of Florida, held that the mortgage which secured the bonds of the company, and which was only a mortgage by operation of the same statute, was valid.

The language of this Court in the two cases cited in the brief of *U. S.* v. *Reese*, 92 U. S. R. 214, and the *Trade-Mark Cases*, 100 U. S. R. 82, concedes the general principle that the whole of a statute is not necessarily void because a part of it may be so. Said the Court in the latter case: "While it may be true that when one part of the statute is valid and constitutional, and another part is unconstitutional and void, the Court may enforce the valid part where they are distinctly separable, so that each may stand alone. it is not within the judicial province to give to the words used by Congress a narrower meaning than they are manifestly intended to bear." . . . The case of *U. S.* v. *Reese* also implies that there may be unconstitutional provisions which do not vitiate the whole statute or even a single section, because the argument is to show that in that case there could be no separation of the good from the bad. It is also to be observed that in both these cases it was a statute creating and punishing offences criminally which was to be construed in regard to the limited constitutional power of Congress in criminal matters.

The case of *The State Freight Tax*, 15 Wall. 432, arose out of a statute of Pennsylvania which attempted to impose a tax on commerce forbidden by the Constitution of the United States. The Act imposed a tax upon every ton of freight carried by every railroad company. steamboat company, and canal company doing business within the State. The railroad companies, who contested the tax, presented a statement which separated the freight transported by them between points solely within the State and limited to such destination, and that which was received from or carried beyond those limits. This Court held the latter to be void as a tax on inter-state commerce, and did not declare the whole tax or the whole statute void. It said: "It is not the purpose of the law, but its effect, which we are now considering. Nor is it at all material that the tax is levied upon all freight, as well as that which is wholly internal as that embarked in inter-state commerce . . . The conclusion of the whole matter is that, in our opinion, the Act of the Legislature of Pennsylvania of August 25, 1864, *so far as it applies to articles* carried through the State, or articles taken up in the State and carried out of it, or articles taken up without the State and brought into it, is unconstitutional and void." The same language is repeated in *The Erie Co.* v. *Pennsylvania*, decided at the same time, and both cases were remanded to the State Court for further proceedings in conformity with the opinion. which could only mean to enforce the tax on transportation limited to the State and not on inter-state commerce.

This is a clear case of distinguishing between the articles protected by the Constitution of the United States and those which were not, though nothing in the language of the statute authorized any such distinction.

But in a review of the cases in this Court on this subject, that of *Austin* v. *The Aldermen of Boston*, will be found most nearly to resemble the one before us. It related to the same matter of the invalidity of a statute of a State taxing shares of the National banks as being in conflict with the Act of Congress. That Act said that such taxes might be assessed *at the place where said bank was located, and not elsewhere.*

The Act of the Massachusetts Legislature directed the assessment and taxation of the shares at the *place where the owner resided* The plaintiff in error, Austin, having contested the tax on his shares in the Courts of the State unsuccessfully, brought the case here by writ of error. This court declined to enter upon the question of the validity of the Massachusetts statute, because the case did not show that Mr. Austin was taxed on his shares in any other place than Boston, the place where the bank was located.

The argument of counsel in the case before us is that any tax, or a tax on any person on account of his bank shares, is void because the whole of the New York statute is void. If the argument is sound, it was equally applicable to Austin's case.

The statute of Massachusetts, which made no limitation of taxation to the place where the bank was located, must be held void under any principle which would wholly invalidate the statute of New York, because it did not allow the deduction of the owner's indebtedness from his shares. And if the Massachusetts statute was utterly void as to National-bank shares, then the tax on Mr. Austin's shares in Boston was void, and he had *a right to be protected* against the unconstitutional statute. The Court evidently went upon the principle that the statute was only void as against the act of Congress, in cases where some one was injured by the particular matter in which there was such conflict. The case seems to us directly in point.

To the same effect are the cases of *People* v. *Bull*, 46 New York R. 46; *Gordon* v. *Carnes*, 47 New York R. 608; *Village of Middleton, Ex-parte*, 81 N. Y. R. 196.

If we examine the statute before us on principle, we shall find but little reason to hold it to be wholly void as regards bank shares. If the statute stood alone, there is nothing in it in conflict with the act of Congress. It is only when we look to the other statute, which prevents the deduction of debts from the entire value of personal property, that we discern the discrimination against bank shares. The Act declares that bank shares shall be taxed according to their value, after deducting the real estate and other property on which the bank itself pays tax. This is eminently just. It provides for a mode of ascertaining their value, the officers who shall do it, and how the tax shall be collected. In all this the law is valid, except that it does not authorize a deduction for debts of the shareholder. This is a distinct and separable principle. When the shareholder has no debts to deduct, the law provides a mode of assessment *for him*, which is not in conflict with the Act of Congress, and the law in that case can be held valid. Under the decision in *Austin* v. *The Aldermen*, it is valid as to him.

If he has debts to be deducted, the case of *Williams* v. *Weaver* shows that in taking the steps which this Court has held he may take, he can secure that deduction, and when secured the remainder of the law remains valid. In other words, in such a case, so much of the law as conflicts with the Act of Congress in the given case is held invalid, and that part of the State law which is in accord with the Act of Congress is held to be the measure of his liability. There is no difficulty here in drawing the line between those cases to which the statute does not apply and to those to which it does, between the cases in which it violates the act of Congress, and those in which it does not. There is, therefore, no necessity of holding the statute void as to all taxation of National-bank shares, when the cases in which it is invalid can be readily ascertained on presentation of the facts.

It follows that the assessors were not without authority to assess National-

bank shares; that where no debts of the owners existed to be deducted the assessment was valid, and the tax paid under it a valid tax. That in cases where there did exist such indebtedness, which ought to be deducted, the assessment was voidable but not void. The assessing officers acted within their authority in such cases until they were notified in some proper manner that the shareholder owed just debts which he was entitled to have deducted.

If they then proceeded in disregard of the Act of Congress, the assessment was erroneous, and the case of *Williams* v. *Weaver* shows how that error could be corrected.

The case before us shows no error in any case but that of Mr. Williams, and in that case he has obtained the judicial decision of this Court, that the tax he paid was illegally exacted from him. Nor do the facts of his case raise the question whether in a case where the debts of the shareholder do not equal the assessor's value of his shares, the tax is wholly erroneous, or only so much as represent the assessment of his indebtedness that should have been deducted, for his affidavit was that his debts equaled the value of his bank shares. Nor do the findings of fact raise the question whether, without making affidavit and demand on the assessors, a suit can be maintained to recover, when such indebtedness actually existed; for he did make affidavit and demand, and no other taxpayer has shown any such notice or demand, or that he had any indebtedness to be deducted. There is neither finding of fact nor averment in the pleadings on either point as to any other assignors of plaintiff than Mr. Williams. It results from these considerations that the judgment of the Circuit Court is reversed, and that on the finding of facts judgment should be rendered for plaintiff on the fourth count for the amount of the tax paid by Williams, with interest, and on all the other counts for defendants.

It is so ordered.

BRADLEY, J.

I dissent from the judgment of the Court in all these cases, for the reason that, in my opinion, the State laws authorizing the capital stock of National banks to be taxed, without allowing any deduction for the debts of the stockholders, where such deduction is allowed in relation to other moneyed capital, are void *in toto* so far as relates to National banks. To hold the laws valid except as to those who are actually indebted, and actually claim the benefit of the deduction, and actually set it up in a suit brought by the bank for relief, is practically to render the condition of the Act of Congress nugatory, and to deprive the National banks and their stockholders of its protection. The tax though laid on the stockholders is required to be paid by the bank itself, which must pay without deduction unless the shareholders give the bank notice of the amount of their debts. This is a most ingenious expedient to avoid such deductions altogether. The probability that not one in ten of the shareholders will ever have notice of the assessment in time to make the claim, and the natural reluctance they would have (if they had notice) to lay the amount of their debts before a board of bank officers, will effectually secure the State from claims for deduction. And that was, no doubt, the object of the law. But this unequal operation of it, in its practical effect, might not be sufficient to render it void. It is void, in my judgment, because it makes no exception, but is general in its terms, subjecting to taxation the capital stock of National banks without the privilege of deducting debts. Denying to it operation and effect as to those who desire to claim the benefit of the deduction, and giving it effect as to all others, is to tear a portion of the law out by the roots. *It is not like the case where a portion of a law, which may be separated from the rest, can be declared invalid, without affecting the remainder of the law; nor like the case of a general law which the Legislature has power to make, but from the operation of which some individuals may have a legal or constitutional exemption, which they can plead in their defence;* but it is wrong in form, wrong in toto. The Legislature had no authority or power to make the capital of National banks taxable except in the same manner as other moneyed capital of the State. The practical inequality of the law is seen in this, that it affects the value of all the stock who-

ever holds it. As the law stands it acts as a prohibition against the purchase of the stock by those who owe debts, and they constitute a considerable portion of every community. It does not help the validity of the law for us to declare that it is *pro tanto* void, and, in fact, make a new law for the State. Its validity must be decided by its actual form and terms. If these cannot stand, the law is void.

LEGAL HOLIDAYS.

We have received a few corrections of the holiday laws in the several States, which in two instances have been made since the publication of the last edition of the Revised Statutes in the respective States.

PENNSYLVANIA.—Good Friday was made a legal holiday by special enactment in 1869.

VIRGINIA.—The law in this State was amended in 1880. January 1, February 22, July 4, December 25, and any day appointed or recommended by the Governor of the State or President of the United States for thanksgiving, fasting, and prayer, or other religious observance, for all purposes whatsoever as regards the presenting for payment or acceptance and of the protesting and giving notice of the dishonor of bills of exchange, bank checks, and promissory notes made after the passage of the Act, shall be treated and considered as the first day of the week, commonly called Sunday, and as public holidays; and all such bills, checks and notes, otherwise presentable for acceptance or payment on the said days shall be deemed to be presentable on the secular or business day next succeeding such holidays. Whenever any of the days specified above shall fall upon Sunday the Monday next following shall be deemed the public holiday for the purposes of this bill, provided that in such case all bills of exchange, checks and promissory notes, made after the passage of this Act which would otherwise be presentable for acceptance or payment on the said Sunday or Monday, shall be deemed presentable for acceptance or payment on the Tuesday following.

LOUISIANA.—"The following shall be considered as days of public rest in this State, and no others, namely: The first of January, the eighth of January, the twenty-second of February, Mardi Gras, the fourth of March in New Orleans, the fourth of July, the twenty-fifth of December, Sundays and Good Friday, and all promissory notes, bills of exchange, and commercial paper, which by law or commercial usage are required to be protested for non-payment, shall be due and payable the day following the third or last day of grace, if the third or last day of grace be a Sunday or legal holiday; and should the day succeeding the last or third day of grace also be a Sunday or legal holiday, then such promissory note, bills of exchange or commercial paper, shall be payable on the following day, not a Sunday or legal holiday; and in computing the delay allowed for giving notice of non-acceptance or non-payment of a bill of exchange or promissory note, or other commercial paper, the days of public rest or legal holidays shall not be counted, and if the day or two days next succeeding the protest for non-acceptance or non-payment shall be days of public rest or legal holidays, then the day next following shall be computed as the first day after the protest."

SPRINGFIELD, ILL.—The Farmers' National Bank, of Springfield, Ill., has organized with a cash capital of $100,000. Its President, Mr. Jonathan Merriam, Collector of Internal Revenue in that district, is one of the leading citizens of the State; and its Cashier, Edward D. Keys, is a very successful and prominent business man. We notice that Bluford Wilson, formerly Solicitor of the Treasury, is a Director. This institution has opened in a highly encouraging manner.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

The inquiries held over will be answered next month.

I. CERTIFICATION OF CHECK.

Suppose that C has $500 in a bank. On Monday A telegraphs to the bank, "Is C's check on you for fifty dollars good," to which B replies by telegram, "Yes." On the same day C checks out his $500. On Tuesday the bank receives from A for collection C's check drawn thereon payable to the order of A for fifty dollars. C having no funds in the bank the check is protested and returned.

Can A, regarding the affirmative reply to the telegram a certification of C's check, hold the bank liable for the amount?

If the telegram "yes" be construed as a certification of C's check, the bank should have charged the amount to C's account. Suppose on receiving the telegram and giving the above reply, the bank had done so, and had refused to honor C's check for $500, and that it should be proved C had never issued a check for fifty dollars, would the bank be liable for refusing to honor the depositor's check?

REPLY.—Most of the principles of law relating to the certification of checks are well understood. In the March number we referred to the case of *Espy v. Bank of Cincinnati*, in which a verbal certification was declared sufficient, although the court regretted that they felt obliged to make such a determination. If, therefore, a verbal certification can be made, it is evident that one can be effected by telegraph. This point we think no one will question.

Concerning the form of the certification the cases hold that no set phraseology is necessary. Any words which on their face or that are customarily used to express that intent will be sufficient. *Morse on Banking*, p. 314, 2d ed. The word "good" is often used to accomplish the act of certification.

When, however, the certification is not actually expressed on the check itself, but is made verbally or by letter or telegram, of course, before a bank would be justified in reserving such a portion of its depositor's money as would be required to meet the check, the bank must satisfy itself that the check has actually been given. Applying this rule to the case in question, if the bank were sure that C had given his check for fifty dollars, it would be justified in regarding its telegram as a certification and reserve that amount to pay the check when it should be presented. But if it did not know whether such a check had been issued or not, the bank would not be justified in refusing to pay C's five-hundred-dollar check. Says Morse, "strictly speaking, if the bank has, at the time of presentment of a check for payment, funds to the credit of the drawer sufficient to meet it, unpledged by any acceptance or undertaking of the bank on his behalf, and upon which no lien for any indebtedness due from him to the bank has attached, the obligation to pay accrues instantly. The bank has no right to defer the payment with the intention of making or refusing it at a later hour, according as it shall be influenced by subsequent occurrences." Page 265. In every case of a certification which is effected not on the

check itself the bank must be assured of the existence of the check certified to withhold the retention of funds to pay it. Otherwise, if they are withheld and no check is given, undoubtedly it would be liable. We should not suppose that a bank would send such a telegram without further qualification.

II Payment of Note before Maturity.

Can the holder of a promissory note decline to receive payment and to deliver the note until the expiration of the three days of grace when a tender is made on the last day of the note, or on either the first or second days of grace?

Reply.—Payment can only be made before maturity by consent of both debtor and creditor. This is a well established principle. *Ebersole* v. *Redding*, 22 Ind. 232. And it can be made with safety only at or after the maturity of the instrument unless the payor receives it and cancels it. A payment before maturity is not in the usual course of business; and if the bill or note, after payment were made but previous to maturity, reached the hands of a *bona fide* holder of value, without notice, he could enforce a second payment. *Burbridge* v. *Manners*, 2 Camp. 193; *Morley* v. *Culverwell*, 7 N. & W. 174; *Wheeler* v. *Guild*, 20 Pick. 545.

"The debtor may, of course," says Daniel, "pay the bill or note to any one who is the holder under an indorsement to himself personally, or an indorsement in blank, at any time before maturity, provided the holder consents to receive payment. But if the debtor, from the prospect of some benefit by the rate of exchange, or otherwise, should offer payment before the time arrives, the creditor is not bound to take it, since the time of payment is a condition of the bill or note fixed equally for behoof of both parties." *Neg. Inst.* § 1234.

III. Promise to Accept Draft.

A authorizes B to draw on him for $500, and C on such authority advances to B $550, the latter agreeing to pay the difference between the two sums.

If A declined to pay the whole amount, could he be held liable to pay any portion of the draft?

Reply.—This inquiry has been occasioned by the decision of *Brinkman* v. *Hunter*, 73 Mo. 172, which was reported in our last number, page 854. Our correspondent says in such a case he construes the decision to mean that all liability on the part of A ceases. More fully stated the decision was, that a promise in writing to pay a draft to be drawn for a sum named, is an authority to draw for that sum and no more. If the draft be drawn for more, the promissor will not be bound to pay any part of it. The rule is otherwise in the case of a a draft in existence at the time the promise is made. In such case the promise will be treated as a partial acceptance, and the promissor will be bound to that extent.

The authority to draw in that case was for the sum of $608.92; the draft was drawn for $680.92. The court say: "We do not see how a promise to accept, or what is the same thing, to pay at maturity, a draft to be drawn for $608.92, can be held to be a promise to pay a draft for $680.92, or to pay $608.92 on a draft for $680.92, any more than it could be construed to be a promise to pay such sum on a draft for $1000, or for $5000. It seems to us

that if the promise would be binding in one case it would be in the other. If it be permissible to make any departure from the amount named in the promise, we do not see on what principle a limit is to be fixed which cannot be transcended." No cases are cited by the court to sustain their position, and the reasoning seems somewhat narrow, and we question if the same rule would be laid down by the courts generally if such a case should be presented for their adjudication. Still, in the *American Leading Cases*, the editors remark that "nothing is better settled than that a promise of acceptance must fail altogether, . . . if the bill in question, falls without its limits in any material point, either as it regards the terms of the instrument itself, or the circumstances under which it is drawn and put in circulation. Vol. 2; p. 294, 4th ed., where the subject is fully discussed.

IV. Conditional Acceptance.

Is an acceptance "payable at bank" a conditional one?

Reply.—This inquiry has grown out of our reply to No. 8 in the last number. Two correspondents have asked essentially the same question. There can be no question whatever about the correctness of the law there stated in respect to the rights and duties of parties interested in a conditional acceptance, but whether the acceptance of a draft accompanied with the statement that the acceptor will pay the same at a particular bank or other place is, in law, a conditional acceptance is a very important question to those who deal in bills of exchange. In England for a long time it was disputed whether a bill or note drawn or made payable at a particular place, or a bill thus accepted, must be presented there in order to charge the acceptor, maker or other parties. Finally the House of Lords decided that an acceptance payable at a particular place was a qualified acceptance, rendering it necessary in an action against the acceptor to aver and prove presentment at such place. *Rowe* v. *Young*, 2 Brod. and Bing. 165. This decision led to the enactment of a law which provides that an acceptance payable at a particular place shall be deemed a general acceptance unless expressed to be payable there "only, and not otherwise or elsewhere."

In this country a different view has generally, though not always, prevailed from that expressed by the House of Lords. The current of decisions is in accord with the English statute just mentioned. In other words, the acceptance will be regarded as general in all cases, save when the bill is drawn, or the acceptance expressly states that it is payable at a particular place "only, and not otherwise or elsewhere." *Wallace* v. *McConnell*, 13 Pet. 136; *Armistead* v. *Armistead*, 10 Leigh 525; *Ruggles* v. *Patten*, 8 Mass. 480; *Caldwell* v. *Cassidy*, 8 Cow. 271; *Hills* v. *Place*, 48 N. Y. 520; *Dan. on Neg. Inst.* §§ 519, 520, 643; 1 *Parsons on Notes and Bills*, pp. 309—311, 2d ed.

V. Collection.

A, of Buffalo, owes B, of Boston, for merchandise and sends his check on the First National Bank of Buffalo in payment. B deposits the check in a bank in Boston and is credited with the amount; and the check is forwarded to the bank on which it is drawn for collection. This bank sends its check on the Fourth National Bank of New York in payment, which goes to protest, the First National Bank of Buffalo having failed. Who must bear the loss?

REPLY.—There ought to be no doubt about the answer that should be given to this inqniry. B receives A's check and it is afterward sent to the Buffalo bank for collection. That bank acts as the agent of B, or of the bank where the check was deposited in collecting it. The Buffalo bank collects the check of the drawer, but instead of sending the money collected, it sends its own check payable at another bank. The drawer has paid the check, but B's agent does not send the money. Certainly the drawer cannot be held liable. The loss has been occasioned solely through the conduct of the agent whom B employed. It is well settled that as soon as a collecting bank gets the money which it is requested to collect it becomes the debtor of the depositor of the instrument for collection. *Marine Bank* v. *Fulton Bank*, 2 Wall. 253. The Buffalo bank having made the collection, the liability of the drawer to B ended, and the agent alone was responsible for the proper transmission of the money collected.

This would seem to be a reasonable way of looking at the matter, yet the Courts have expressly decided that the bank where the check was deposited is liable for the loss afterward occurring. In the case of *Indig* v. *National City Bank of Brooklyn*, 16 Hun. 200, the plaintiff was a customer of the defendant, and deposited with it for collection a note payable at the Lowville Bank. The note was forwarded by the defendant for collection to that bank, and at maturity paid, and on the following day it sent to the defendant a draft on a bank in New York for the amount. On the same day the Lowville Bank failed, and made an assignment. The draft was never paid, though duly presented. In an action by the plaintiff to recover from the defendant, the Court directed a nonsuit. But the Supreme Court decided otherwise. This Court held that the defendant was liable for any neglect or misconduct on the part of the Lowville Bank, its agent, and that the Court below erred in granting a nonsuit. The Supreme Court in the opinion delivered repeated the rule applicable to such cases, which was established in *Allen* v. *Merchants' Bank of New York*, 22 Wend. 215.

As the rule is a very important one it may be stated: "When a bank, broker, or money dealer receives upon a good consideration a note or bill for collection, payable in the place where such bank, broker or dealer carries on business, or at a distant place, the party receiving the same for collection is liable for the neglect, omission, or other misconduct of the bank or agent to whom the bill or note is sent, either in the negotiation, collection, or paying over the money, by which the money is lost or other injury sustained by the owner of the note, unless there be some agreement to the contrary expressed or implied." This rule has been since followed in many cases, and is given by Story. *Agency*, § 231*a*.

The Judge in the lower Court nonsuited the plaintiff on the ground that the defendant had not been negligent. But, as the higher Court showed, this was "not the real inquiry on which the rights of the parties depended." Following the rule thus laid down, the bank where the note was deposited for collection must be held liable. See *Kent* v. *Dawson Bank*, 13 Blatchf. 237. It may be added, however, that the authorities are divided on this question. See *Dorchester and Milton Bank* v. *New England Bank*, 1 Cush. 177. A great number may be ranged on either side.

VI. Over-Due Check.

W takes from H, F's check to bearer, in good faith, in course of trade and for a valuable consideration, but seven days after date. The check is on a city bank, and is presented on the day received, but payment is refused on the ground that H was not the lawful owner of it.

Can W recover from F, or is his claim barred by the fact of the check being overdue?

Reply.—No precise period of time can be specified at which a check is deemed so stale as to subject the receiver to equitable defences, or a bank to loss, in the event that defences arise, or the liability of the drawer has ceased. Mr. Grant in his work on *Bankers and Banking*, says: "There is an obvious distinction between a bill or a note having a fixed day for payment, which is taken when over-due, and a check found in circulation long after its date; in the first case, suspicion of necessity attaches; in the latter, suspicion may or may not justly arise, according to circumstances; whether it does, is for the jury to say; the staleness of the check may be a ground on which they may infer fraud; but there does not seem to be any rule of law which points out any given degree of staleness, as evidence conclusive on that point." Page 71, 3d ed. See *Mohawk Bank* v. *Broderick*, 13 Wend. 133. Cases have occurred in which the holder has received a check one day, four days, six days, ten days, and nearly a month without becoming subject to equitable defences, though taken in connection with other circumstances, its being somewhat stale might be considered evidence of bad faith. *Himmelman* v. *Hotaling*, 40 Col. 111; *First N. Bank* v. *Harris*, 108 Mass. 514; *Rothschild* v. *Corney*, 9 B. and C. 388; *Lester* v. *Given*, 8 Bush 357. In *Ames* v. *Meriam*, 98 Mass. 294, the court said: "A holder who takes a check in good faith and for value several days after it is drawn, receives it without being subject to defences of which he has no notice before or at the time his title accrues." Where a drawer delayed nine months to issue a check after it was drawn, it was held that he could not object to the circumstance of staleness against the holder who received it from him. *Lickbarrow* v. *Mason*, 2 Term R. 63. "Without any circumstances of this kind arising," says Daniel, "the certain age at which a check may be said to be stale is as uncertain as the fixing of the day on which a young lady becomes an old maid." Neg. Inst. § 1634. Morse says: "The duty of the bank to honor a check is not affected by its age, at least within the period of the Statute of Limitations. The check is a continuing order, good at any time before outlawry or recovocation; and the bank, having sufficient funds of the drawer, is under the obligation to pay it, and is protected in paying it, at any time within these limitations. The only effect of age is to put the bank upon its inquiry. Age may be a cause of suspicion, but not of avoidance. It is the right, and perhaps the duty, of the bank to inquire into the matter before paying an old check. . . . At what time a check becomes old is an indefinite question, not capable of being accurately answered." Page 285, 2d ed.

VII. Depositor's Right to Draw Against a Deposit.

A bank which had allowed a depositor for a long time to deposit drafts and then draw against them, declined to do so any longer until the drafts were first collected. The depositor claimed that the bank had no right to alter the custom.

What are the rights of the bank and the depositor?

REPLY.—Morse states the rule very well when he says that "where the customer deposits in the bank commercial paper for collection, at the same time indorsing it over to the bank, the parties understanding that it is only intended by the indorsement to put the paper in such shape that the bank can collect upon it, the title in the paper does not thereby pass to the bank; nor does the bank owe the amount to the customer until such time as the collection is actually consummated. Neither is this strict right of the bank curtailed or altered simply because a practice has been allowed to prevail, by which it has allowed the depositor to draw against the deposits of paper for collection before the collection has been actually made. This is a mere gratuitous privilege allowed by the bank, which does not grow into a binding legal usage. Thus it is very common for depositors to deposit checks with their banks, and to draw against them on the same day checks of their own, which may be presented for payment before the bank has had an opportunity to collect upon the deposited checks." *Banks and Banking*, p. 427, 2d ed.

VIII. INTEREST.

Can the maker of a promissory note drawn with interest be compelled to pay interest for any more of the grace than he chooses to use?

REPLY.—It is the universal rule to reckon interest for the three days of grace. The reason is because these days enter so completely into the constitution of every bill of exchange and negotiable note, both in England and in the United States, that the instrument is not due in fact or in law until the last day of grace. See *Dan. on Neg. Inst.* § 614.

IX. INTEREST, HOW RECKONED.

Do you know of any defence for a demand on the part of a lender to take thirty-four days' interest on a note given at thirty days, and discounted on the day of the date; or in other words to count both the day of the transaction and the day of maturity as part of the time of the loan?

REPLY.—This inquiry is not very clearly expressed, but if we understand the question, it is, whether in computing the number of days which a note for thirty days has to run, the day of its date as well as the day of payment are both included. In such a case the day of date is always excluded. *Henry* v. *Jones*, 8 Mass. 453, *Hill* v. *Norvell*, 3 McLean 583. A long time ago the custom was otherwise. *Bellasis* v. *Hester*, 1 Ld. Raymond 303.

X. POWER OF ATTORNEY.

A B holds a power of attorney to draw dividends on certain railroad shares for C D. The dividend check is drawn to the order of C D. Has A B the right to endorse it as attorney for C D, the power of attorney stating that A B has authority to "do all that may be necessary in connection therewith"—that is in connection with the drawing of the dividend?

REPLY.—A B is a special agent and can only act within the limits and scope of the authority conferred on him. This authority is simply to collect dividends for his principal. Having collected them he has no other authority except to deliver them to C D. See article on *Special Agency*, Am. Law. Reg. 1847, p. 657

BOOK NOTICES.

Currency or the Fundamental Principles of Monetary Science Postulated, Explained, and Applied. By HUGH BOWLBY WILLSON. New York: G. P. Putnam's Sons.

In this work the author aims to apply certain general principles, which he has postulated, to the present defective monetary systems of several of the leading commercial nations of the world. By stating these postulates the reader can obtain a very good idea of the nature of the book. We will give them in the author's own words.

1. We must get absolutely rid of all artificial interferences with the natural law of demand and supply, whether they emanate from banks, combinations of capital of any kind, or the State. 2. Gold is the best material out of which to fabricate our money so far as it is used as a standard of value. 3. The State rightfully reserves to itself the power or prerogative to supply all the metallic money needed. 4. Paper money, being only a more convenient tool of commerce and industry, shall, for the same reasons, be also supplied by the State, and be issued directly to the people in payment of metal for coinage. 5. The State shall create a department clothed with adequate powers, and supplied with abundant resources, to maintain the convertibility of all paper money thus issued to the public on presentation to such department or its agencies, in case any of the metal received for paper shall be sold. 6. Neither banks nor commercial houses of any kind shall be employed as agents of the State for the issue and redemption of such paper money as the public shall require. 7. Such State department shall not be under the control or influence of the minister or secretary of finance. 8. The money department shall be the custodian of all taxes and loans raised by the State, which shall be paid in by the officers or agents collecting or raising the same, and shall be checked out, under authority of law, by the departments, as at present or as may be provided for. 9. All banks now authorized to receive and issue for their own account and advantage treasury or State notes, shall be equitably compensated, and their circulation withdrawn, and, the channels of such circulation be filled, *pari passu*, with State notes supplied directly to the public in payments of metal, according to the demand for them.

The arguments in support of these propositions occupy the greater part of the book. They are well wrought out and ought to command attention. The author evidently studied the subject deeply, and while some of his conclusions differ from the more generally accepted doctrines, he has supported them with solid temperate reasoning. He did not live to see the fruit of his studies in print, for he died two years ago. There is an ugly misprint which occurs several times of Bageat for Bagehot; but doubtless most readers will know who was intended.

A Reply to Criticisms on "The Common Sense, the Mathematics, and the Metaphysics of Money." By J. B. HOWE. Reprinted from the second edition. Boston: Houghton, Mifflin & Co. 1882.

The forty odd pages contained in this reply are devoted chiefly to an explanation and defense of the author's theories and reasonings. It is a desirable addition to the former work, for it throws considerable light on several topics which the reader, doubtless, like ourselves, wished to know more than was given in the beginning. For example, we could not imagine why he added to the title, "The Metaphysics of Money," but in this reply he tells us why he did so. "Because the delusion of intrinsic value in money, of barter of money, keeping money for sale, and confounding buying and selling with barter, is the result of a mental illusion before the intellectual eyes. The illusion is mental in the start, and it is confirmed by confounding the use or function of a commodity gold and a commodity silver with a barter of those commodities for other commodities. Money is said to be a commodity, and, on the other hand, it is said to be not a commodity. Both assertions are illusory, because money is a commodity, but not bartered in its character of money, as the affirmative expression would imply to most people. It is illusory, on the other hand, to say that money is not a commodity, without qualifying commodity by adding *bartered*. The illusion being a mental one, I introduce mental or metaphysical facts to demonstrate the fact of illusion." Other points equally curious or interesting are considered, and it is well that criticism has called out this supplementary publication.

Money and Its Substitutes. By HORACE WHITE. New York: 1882.

This essay was prepared for the second volume of the *Cyclopædia of Political Science, Political Economy, and of the Political History of the United States* and is issued in advance by permission of the publishers of that work. Within these thirty pages the writer has succinctly stated the different things which have been used as money, the attributes of the precious metals, why they are so stable in value, and how they are affected by supply and demand; bimetallism is also discussed, the substitutes for money, the evolution of banking, including an exceedingly interesting account of primitive American banks, the genesis of bank notes, "credit money," the Bank of England note system, greenbacks and National-bank notes, and other topics, needful to complete the subject. It is really an admirable monograph for the purpose intended, and we know of no other source where one can get such a clear, complete and candid conception of money within the same space.

The Twenty-Second Annual Report of the Amalgamated Society of Carpenters and Joiners from December, 1880, *to December,* 1881. Manchester, England, 1882.

Persons in this country who regard trade unions as a pure undiluted evil form their judgment from the present working of the labor organizations which they see around them, and not from an intelligent and candid study of what they may become, nor their history elsewhere, especially in England. If the enemies of trade unions were to do this, many of them would probably be not a little surprised. Their first surprise would consist in learning that trade unions had flourished so long; and secondly, that on the whole that they had been so well managed and so beneficial to both employed and employers. In this country for the most part these institutions are in a crude

state, incident to their recent formation, and their machinery is not yet perfectly adjusted, nor in many cases are competent managers at the head. In England, where these associations have been in existence longer, a very different state of things is witnessed. This is especially true of the society whose report is before us. It is more than twenty years old, and it is a judiciously managed organization. Its usefulness no candid person acquainted with its history would for an instant question. Mr. J. D. Prior, who served for a long time as its secretary, was appointed last year one of Her Majesty's Inspectors of Factories and Workshops; a position for which he was well qualified, and the appointment to which was a pleasing testimony of the ministry's recognition of his worth. Notwithstanding the heavy outlays of the society during the year there was a balance in the Treasury at the close of more than $230,000.

Twenty-fourth Annual Report of the Corporation of the Chamber of Commerce, of the State of New York, for the Year 1881, '82. In two parts, compiled by George Wilson, Secretary. New York: 1882.

This volume briefly recapitulates the proceedings of the Chamber for the year. The review comments in a reassuring way on the "pause in the marvelous progress which was apparently unsettling the relations of the commercial world The continued flow to the United States of the precious metals, in settlement of the balance of trade in its favor, brought on a financial crisis in Europe, with a pale reflection in our own money markets. The extreme of expansion in the United States, based upon this large addition of the precious metals to the circulating medium of the country, seems to have been reached. A slight return of these metals to Europe creates alarm and distrust. There is no real cause for such alarm. The fact seems to be that the United States, in its great commercial and individual activity, has grown up to the full measure of its circulating medium, and that any diminution of it will henceforth be immediately felt. In a word, that the country has at last, after twenty years of financial autonomy, resumed her place among financial nations." The volume contains a mass of carefully-prepared statistics that form a valuable mine from which, doubtless, many will quarry in the future, as they have done from the preceding volumes in the past.

The International Review. May, 1882

We received the number too late for notice in our last issue, but the article by Henry Gannett on "The Wealth of the United States, and the Rate of its Increase," and that by Richard T. Ely on "Bismarck's Plan for Insuring German Laborers," are instructive and valuable. Mr. Gannett's study covers a wide field, and would prove interesting to many of our readers. Professor Ely has written a much more intelligible account of the famous German minister's plan for insuring the workingmen of his country than we have seen elsewhere.

A New Chapter added to Political Economy: pointing out a hundred million dollars capital that may be made available to Canadian industries by the establishment of a mortgage bank of issue. By T. Galbraith, Port Hope. Toronto: 1882.

BANKING AND FINANCIAL ITEMS.

CALL FOR BONDS.—The 113th call for bonds issued May 1st, includes the following bonds which will be paid on the first of July: Registered bonds of the Acts of July 17 and August 5, 1861, continued during the pleasure of the Government under the terms of circular No. 42, dated April 11, 1881, to bear interest at the rate of three and one-half per centum per annum from July 1, 1881, as follows: $50, No. 2466 to No. 2564; $100, No. 17,751 to No. 18,618; $500, No. 11,961 to No. 12,283; $1000, No. 55,951 to No. 56,972; $5000, No. 17,581 to No. 17,834; $10,000, No. 38,811 to No. 40,116. The bonds outstanding and represented by the above numbers constitute the residue of those issued under the Acts of July 17 and August 5, 1861, continued at three and one-half per centum. The six months' interest due July 1, 1882, on the above described bonds will not be paid by checks forwarded to the holders of the bonds, but will be paid, with the principal, to the holders at the time of presentation.

CHARGING BOND PREMIUM.—The following letter addressed by the Comptroller of the Currency to Messrs. Fisk & Hatch is important to the National banks. "I can see no objection to the proposition for the gradual charging off by National banks of the amount of premiums paid upon U. S. bonds deposited for circulation, and hereafter National banks holding four-per-cent. bonds will be instructed to charge off each year one-twentieth part of the amount of premium paid thereon and counted as an asset. Those holding four and a halfs will be instructed to charge off in a similar manner one-tenth of the premium; and those holding currency sixes to charge off say one-fifteenth; in each case one-half of the yearly amount to be charged off semi-annually, previous to the usual date for the declaration of dividends. This is to be done with the understanding that at no time shall the amount of premium counted as an asset exceed the market premium of the bonds held."

IMPORTANT BANK DECISION.—Judge Atcheson, of the United States Circuit Court at Pittsburgh, Pa., lately gave a decision in the case of *J. M. Purviance, Receiver of the First National Bank of Butler, Pa.*, against *The Fifth National and the Citizens' National Banks of Pittsburgh*, which is very important to all banking institutions. The latter were holders of stock of the Butler bank, which had been placed with them by the President of the Butler institution, as security for bonds advanced by them to the bank. The directory of the bank had given him this stock to bring to Pittsburgh to negotiate a loan. When the bank failed, and the receiver made assessments to meet the losses, he assessed over $5000 against the Citizens' bank as its proportion on the stock in its possession, and nearly $5000 against the Fifth National Bank. They fought the assessment on the ground that the stock was not taken by regular transfer, but as security for loans; that they were never published as stockholders as required by law; that they had sufficient original security for the loans, and did not care about the stock as collateral, which was only left to them. The Judge decided in favor of the plaintiff, saying that the banks having taken the stock, no matter what the consideration, nor whether they got the benefit of the stock, nor whether they were ever published as stockholders, they stand in the same position as to the liabilities of the bank as any of the other stockholders, and must therefore pay the assessments.

STATE BONDS OF LOUISIANA.—An important decision involving the validity of more than $4,000,000 of outstanding bonds of the City of New Orleans, known as "Consolidated bonds of 1852," was rendered by the Supreme Court of the United States on the 17th of April in the case of the *State of Louisiana ex rel. The Southern Bank* v. *Edward Pillsbury, Mayor of*

New Orleans et al., brought here by appeal from the Supreme Court of Louisiana. The court held that the bonds were valid obligations against the city; that the Act of the Legislature of 1876 prohibiting the levy of a tax to pay them (known as the Premium-Bond Act) was an act of repudiation which could not be sustained; and that a mandamus must issue commanding the City of New Orleans to levy a special tax to pay the interest and ultimately the principal of these bonds, in accordance as nearly as may be with the provisions of the act of 1852, under which they were issued. As soon as the decision became known the premium bonds fell twelve points at New Orleans inside of an hour, from eighty-two to seventy, while consolidated bonds correspondingly advanced. The premium bonds have been generally held by local magnates and capitalists. The decision will make necessary an entire reversion of municipal finances and changes the basis and increases largely the amount of taxation.

THE VIRGINIA BOND CASES.—The Court of Appeals have rendered judgment in the matter of *Antoni* v. *Greenhow*, a test case to ascertain the constitutionality of the Act of the General Assembly, commonly known as "coupon killer," a measure of the Readjuster party to restrict the reception of coupons for taxes. Judge Moncure, President of the Court, is absent and did not sit. The other four members of the Court were equally divided, two for awarding the mandamus asked for and two against it. The cases now go to the Supreme Court of the United States.

LIABILITY OF BANK OFFICERS.—The case of *Warren Ackerman* v. *Joseph A. Halsey*, a suit to recover $20,000, the value of 155 shares of stock in the Mechanics' National Bank, was argued before Judge Depue in Newark on the 22d of April. The plaintiff claimed that he lost his stock through the neglect of the defendant, the President of the bank, in not detecting the frauds of the cashier. Thomas N. McCarter, counsel for Mr. Halsey moved to strike out the pleas of the plaintiff. He insisted that the plaintiff could not sue an individual director, and that this could only be done by the corporation and by the receiver. He also maintained that the plaintiff's declaration did not show how the funds of the bank were lost, or that the plaintiff was a stockholder at the time the funds were lost by the alleged neglect of the President. The Judge held that such an action could not be maintained by an individual stockholder. It could be brought only by the corporation or by the receiver, who represents both stockholders and creditors.

NEW YORK AS A GREAT BANKING CENTRE.—The one hundred and fourteenth anniversary of the foundation of the New York Chamber of Commerce was celebrated on the evening of the 9th of May, 1882, by a banquet at Delmonico's, at which 225 members of the Chamber and their guests were present A reception was held for an hour previous to the banquet, during which the members of the Chamber were introduced to the guests. The retiring President of the Chamber, Mr. S. D. Babcock, sat at the head of the tables, and upon either side of him were Messrs. J. W. Keifer, Speaker of the House of Representatives; Senator Thomas F. Bayard, of Delaware; Hon. Carl Schurz, Mayor Grace, A. A. Low, George W. Childs, of Philadelphia; John Jay Knox, Comptroller of the Currency; Chauncey M. Depew, ex-Governor John T. Hoffman, Mayor Low, of Brooklyn; General George B. McClellan, Hamilton A. Hill, of Boston; Judge E. L. Fancher, Judge A. R. Lawrence, Clayton McMichael, of Philadelphia; General S. L. Woodford, and Algernon S Sullivan. At the other tables were a number of distinguished gentlemen. The room and the tables were superbly decorated. Among the letters read from noted personages who were unable to be present, were acknowledgments from President Arthur, Vice-President David Davis, Secretary Lincoln, Secretary Folger, Chief Justice Waite, General Hancock, Governor Cornell, Horatio Seymour, and S. J. Tilden. Attorney-General Brewster was expected to be present to reply to the second toast ("Immigration"), but was detained at the last moment.

After the coffee made its appearance, Mr. Babcock called the assemblage to order, and made an introductory speech, which was received with great

applause. He then introduced Mr. Keifer, Speaker of the House of Representatives, who responded to the first regular toast of "The President of the United States." Mr. Babcock then offered the second toast, "The Decline of the Merchant Marine of the United States," which was responded to by Senator Thomas F. Bayard, of Delaware. The other toasts were responded to in their order by Rev. Dr. Satterlee, by Comptroller Knox, Hamilton A. Hill of Boston; Mayor Grace, and Algernon S. Sullivan. The response of Mr. Knox was to the toast, "New York, the great Banking as well as Commercial Center," which will be found on another page.

THE SILVER BILL.—The following is the text of the bill, reported by the House Committee on Banking and Currency, limiting the coinage of the silver dollar and suspending the issue of silver certificates:

That from and after the passage of this Act, and until an international agreement on a coinage ratio for the use of silver in full legal-tender coinage shall be made by the leading commercial nations, or until the equivalency of bullion value between the standard silver and gold coins of the United States in the markets of the world shall be otherwise secured, the issue of silver certificates authorized by the Act of February 28, 1878, shall be suspended: Provided, That the silver certificates now outstanding may, from time to time, as paid into the Treasury, be reissued on the deposit of standard silver dollars.

SECTION 2. That from and after the passage of this Act, and until an international agreement on a coinage ratio for the use of silver in full legal-tender coinage shall be made by the leading commercial nations, or until the equivalency of bullion value between the standard silver and gold coins of the United States in the markets of the world shall be otherwise secured, the Secretary of the Treasury shall cause to be coined only such number of the standard silver dollars authorized by the act of February 28, 1878, as may be required to supply the demand for actual circulation in lieu of the minimum coinage provided by said Act.

ITALIAN LOAN.—The contractors of this loan have now to forward no more than £5,000,000 in gold to complete their agreement, and it is supposed that, judging from their former operations, very little of this amount will be taken from London. They have about six months in which to finish the business. Apart from this demand, there is nothing as yet in view to threaten the market with dearness until the autumn.

PARIS MONETARY CONFERENCE.—According to the Berlin *Börsen Zeitung*, this Conference is deferred to the latter part of this year, in order to allow time for bringing the proposals of Germany and Italy before the other Powers, with a view to a final and full discussion in the autumn.

The same paper proposes to solve the silver question by suspending any further sales of India Council bills at London for a period of two years, and to substitute therefor an India loan, payable in India in rupees, the effect of which would be to create a demand for silver coin and silver bars to pay debts in India.

COMSTOCK MINES.—The length of the shaft and galleries in the Comstock mines, of Nevada, is 250 miles. During the twenty years just closed 350,000,000 tons of waste rock have been hoisted, 1,750,000,000 tons of water pumped to the surface, and the net result of all this work has been the extraction of $325,000,000 in bullion.

CONVERSION OF THE SPANISH DEBT.—Most Spanish capitalists seem to be dissatisfied at the prospect of having to wait until July, 1883, for the actual execution of the proposed conversion of the Spanish debt, explained in the BANKER'S MAGAZINE last December, when, in reality, the fulfillment of Señor Camacho's promises must depend upon the success of his budget during the next eighteen months, and also, and to a very important extent, upon the vicissitudes of Spanish political feeling. Among investors, the purely speculative are exercising themselves to save the market from a crisis like that of Barcelona, brought on by excessive rates and blind speculation.

WHEAT *v.* GOLD.—The gold and silver mines of California produced during the ten years from 1871 to 1880 inclusive, the sum of $186,506,249, but the wheat fields of the same State during the same period produced 278,908,000 bushels, of a market value of $318,231,046. The figures are from official sources. People have grown eloquent over the mineral wealth of the Golden State. But after all, the golden grain is her real wealth.

PRUSSIAN TAXES.—A study has been made of the Prussian financial statistics to show the material well-being of the country's population, from which it appears that of the 26,716,700 inhabitants 3,779,000 are single tax-payers and 5,383,000 family tax-payers. Of the single tax-payers 30,286 have moneys of more than 3000 marks, 1,183,350 moneys below that sum, and the remainder 2,558,000 persons, incomes of less than 428 marks. The total of class taxes is 42,147,899 marks, and of income taxes 34,445,426. Seven tax-payers alone pay an aggregate of 338,400 marks. The largest individual income belongs to a resident of Wiesbaden, and is 2,500,000 marks. Another citizen of that place has one of 2,330,000. There is a person in Düsseldorf with an income of 2,100,000 marks, one in Oppein with one of 950,000, one in Berlin with 2,000,000, another in Berlin with 900,000, and one in Münster with 800,000.

GERMANY AND THE MONETARY QUESTION.—A statement has appeared in a German paper, the *North German Gazette*, on the line to be taken by that country as regards the monetary question. According to the proposal, the gold coinage of Germany is to continue as before as respects the twenty-mark pieces, which would constitute the real standard of value, but gold coins and paper money below the value of twenty marks are to be called in. The silver thaler pieces would continue to circulate as before. This would affect a very considerable proportion of the coinage, as the gold five and ten-mark pieces probably amount to a value of more than $120,000,000, after allowing for possible export and melting down. The existing silver thalers have been estimated recently as $112,500,000. There are, besides, the Imperial Treasury notes, circulating throughout the Empire in the different States, according to the law of 1874. This law allowed a circulation of $30,000,000 in these notes, supplemented by additions, according to the proportion of paper money previously in existence in each State, which brought the total up to a figure of about $40,000,000. Some of these notes, however, are of a higher value than twenty marks. The proposal would cover a very much larger surface than the arrangement brought before the Paris Monetary Conference of 1881, and may probably be regarded rather as a feeler put out to test public opinion than as anything more definite.—*London Economist.*

EXPENSES OF GERMAN GOVERNMENT.—The German Government was recently charged with having expended, during the last ten years, not less than 1250 million dollars for military and naval purposes. The *North German Gazette* pleads guilty to the charge, adds that four-fifths of the amount was paid by France, and retorts that during eight years the German Empire—not its Government, but its people—has drunk 300,624,000 hectoliters of beer, costing the people more than did the army and navy combined—namely, 1515 million dollars, beside 250 million dollars expended for whiskey.

DIVIDENDS OF BROKEN BANKS.—The Comptroller of the Currency since the date of his last annual report to Congress has paid dividends to the creditors of insolvent National Banks as follows, viz.: 1881, December 27, Charlottesville National Bank of Charlottesville, Va, seventh dividend, seven per cent., making in all sixty-two per cent.; 1882, January 3, Mechanics' National Bank of Newark, N. J., first dividend, twenty-five per cent; February 4. First National Bank of Meadville, Pa., interest dividend in full; February 20, Mechanics' National Bank of Newark, N. J., second dividend, twenty per cent., making forty-five per cent.; March 1, Third National Bank of Chicago, Ill., interest dividend in full; March 3, Commercial National Bank of Kansas City, Mo., fourth dividend, 6^{165} per cent. to shareholders, making in all 37^{165} per

cent. to shareholders; March 3, Lockhaven National Bank of Lockhaven, Pa., tenth dividend, ten per cent., making in all 100 per cent.; April 20, Ocean National Bank of the City of New York, final dividend, twenty-two and a half per cent. on balance of interest; May 1, First National Bank of Newark, N. J., final dividend, ten per cent. and interest, making in all 100 per cent. and interest; May 6, Mechanics' National Bank of Newark, N. J., third dividend, ten per cent., making in all fifty-five per cent.

TAXES IN HOLLAND.—Taxes in Holland are generally very high, and, it is clear, are often very mischievous. "There is a tax on every window, door, chimney, servant," says a recent writer, Mr. Bird, "and on every article of household furniture in use. One must even pay for the privilege of earning one's daily bread, no man being permitted to carry on a profession, trade, or occupation of any sort unless he obtains what is called a patent." The poor taxpayer has not even the satisfaction of having his taxes called for. He must take the money to the Collector's office, and often loses an hour or two while waiting till the great man can attend to him. Should he be behind in the payment, one or two hungry militiamen are quartered in his house at his expense until he has cleared off his arrears. Two hundred years ago boots and shoes "those articles so essential to human comfort," as our author somewhat needlessly describes them, were not only taxed, but were conspicuously marked on the upper leather with the Government stamp. Medical men have their fees fixed by law and fixed at a low rate. To make up for this, no druggist can sell the simplest mixture unless the prescription of a doctor be produced. If a man is suffering from headache or toothache, though he may know of some remedy which will give him relief, he cannot procure it until he has consulted a medical man. In some parts of Holland the houses of the poorer Boers are but little better than Irish cabins. "The family live all together in one large room, divided by wooden partitions, which serves as parlor, kitchen and bedroom, and is not unfrequently shared with a cow or donkey." The bed is a huge box, filled with heather or seaweed, and in districts exposed to floods is often raised to a height of six or seven feet above the floor. In respect of cleanliness these poor people are far superior to the Irish. Even if a laborer gets not more than ten shillings a week, yet he, his wife, and his children will be seen every Sunday "respectably dressed and scrupulously clean." It is a very common custom for the peasants to leave their wooden shoes outside the doors of their cottages, so that they may not carry the dirt inside. By counting the number of shoes it can be readily seen how many people there are at any one time in the house.

OBITUARY.

Mr. Moses Taylor, the well-known banker and merchant, who died May 23rd, was born in New York on January 11, 1806. At the age of fifteen he entered as a clerk the house of Messrs. G. G. & S. Howland, who were then engaged in foreign commerce. His activity and fidelity soon gained attention and respect. Having, with the consent of the Messrs. Howland, frequently made small adventures to foreign ports on his own account, he found himself at the age of twenty-six possessed of a capital of about $15,000. With this in 1832 he started a business on his own account. Beginning the importation of sugars from Cuba on a small scale, Mr. Taylor gradually developed this trade to great proportions. His prosperity continued unbroken through the commercial crisis of 1837, and attended him in all his subsequent business ventures. He was at one time an extensive shipowner, and he carried on various other important mercantile operations. In 1855 he became President of the City Bank, and he has ever since held that position. He was one of the most influential members of the Clearing-House Association, serving several terms as President, and also as Chairman of the

Clearing-House Committee. He was also Chairman of the Loan and of other important committees at critical times. In 1854 Mr. Taylor was one of the few capitalists who organized the first Atlantic Cable Company, and was its largest stockholder. He was also an influential director and stockholder of many large corporations, which have owed their success in a great measure to his remarkable business sagacity and foresight. Mr. Taylor ceased to take the active direction of the commercial house of Moses Taylor & Co. when he became President of the City Bank, leaving its affairs in the hands of his partners, Mr. Lawrence Turnure, who has been connected with the house for forty years, and Mr. Percy R. Pyne, who has been with it for forty-five years. He continued, however, to be a general partner. A few months ago Mr. Taylor gave an endowment of $250,000 in railroad bonds—amounting with premium and accrued interest, to about $270,000—for the construction and maintenance of a hospital at Scranton, Pa., for injured and disabled employes of the Delaware, Lackawanna and Western Railroad, and of the Lackawanna Iron and Coal Company.

The New York *Tribune* adds: "Not only did he gather wealth but he laid in store good reputation. In business matters his judgment was remarkably sound, and his opinion was eagerly sought and followed. Mr. Taylor's death is not a loss to this city alone, where he was best known. His influence extended far beyond our limits. What he did during war times to strengthen confidence in the Government can hardly be understood by the country at large. On many important points touching the financial policy of the Nation his advice was asked, acted upon and appreciated highly by the authorities at Washington. In the development of the country through the railway system Mr. Taylor was a tremendous force. His great investments were only made after careful inquiry and deliberation; but when an undertaking was once started he sustained it vigorously."

Thomas Robins, of Philadelphia, who died last month, was born in South Point, Maryland, January 1, 1797, and went to Philadelphia in 1816. For many years he was engaged in the dry-goods business, first as a clerk and afterward on his own account. In 1852 he was invited to take the Presidency of the Philadelphia National Bank, and filled that position with eminent ability for twenty-seven years, resigning it in January, 1879. He was engaged as director and advisor in many other institutions, and was widely respected for sound judgment and unswerving fidelity to every trust confided to him. He was well known to all of our banks as President of the Philadelphia Clearing House, a position he held for twenty-one years.

Daniel Albert Baker was born near Norwich, Conn., September 6th, 1810. He went to Norwalk, Ohio, in the winter of 1829, driving the entire distance in a sleigh, accompanied by his older brother, Dr George G. Baker, with whom he lived for a short time after reaching there. He was eighteen years of age, full of vitality, energy, and ambition After a year or two he went to Peru, where he engaged in the mercantile business for a few years, removing from thence to Monroeville. About the year 1840 he was elected County Auditor and removed to Norwalk, where he soon after purchased the farm upon which he has since lived, and where he died after a brief illness, on Thursday, the 16th of March. Mr. Baker made Huron County an excellent Auditor, and after ten years faithful service in that office, retired to his farm which he cultivated until 1857, when he went into the Exchange Bank of Baker, Kittredge & Co., which was changed in 1864 to the First National Bank of Norwalk, he becoming its Assistant Cashier and Dr. George G. Baker its President. In 1865 he became Cashier of the Bank, and after the death of his brother George, in 1877, Daniel A. became the President of the Bank which position he held at the time of his death.

THE PUBLIC DEBT OF THE UNITED STATES.

CHANGES DURING THE LAST SIX MONTHS.

INTEREST-BEARING DEBT.

	January 1.	February 1.	March 1.	April 1.	May 1.	June 1.
Bonds at six per cent*	$149,682,900	$129,479,900	$129,473,900	$109,901,000	$89,193,150	$74,100,900
Bonds at five per cent*	401,503,900	401,503,900	401,503,900	401,503,900	401,503,900	401,503,900
Bonds at four and a half per cent	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Bonds at four per cent	738,772,550	738,788,700	738,801,350	738,805,450	738,854,800	738,871,450
Refunding certificates	575,250	559,100	546,450	542,350	493,000	476,550
Navy pension fund	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Total principal	$1,554,534,600	$1,534,331,600	$1,534,325,600	$1,514,752,700	$1,494,044,850	$1,478,952,800
" interest	14,814,377	10,218,348	11,146,466	13,053,017	11,278,164	11,643,709
***DEBT ON WHICH INTEREST HAS CEASED SINCE MATURITY.**						
Principal	$11,528,265	$13,920,005	$10,037,925	$12,665,615	$13,714,845	$14,440,165
Interest	714,985	662,949	611,120	612,275	614,478	624,555
DEBT BEARING NO INTEREST.						
Old demand and legal-tender notes	$346,740,936	$346,740,906	$346,740,891	$346,740,851	$346,740,826	$346,740,826
Certificates of deposit	9,590,000	11,400,000	11,550,000	11,140,000	11,115,000	12,330,000
Gold and silver certificates	73,863,350	74,187,790	73,862,600	73,522,290	72,853,480	71,791,640
Fractional currency	7,075,926	7,069,493	7,065,877	7,064,898	7,057,807	7,049,503
Total principal	$437,270,212	$439,398,189	$439,219,368	$438,468,039	$437,767,113	$437,911,969
Unclaimed Pacific Railroad interest	7,256	7,256	6,536	6,536	5,726	5,726
TOTAL DEBT, principal	$2,003,333,078	$1,987,649,794	$1,983,582,893	$1,965,886,354	$1,945,526,809	$1,931,304,935
" " interest	15,536,619	10,888,554	11,764,123	13,671,829	11,898,370	12,273,991
Total	$2,018,869,697	$1,998,538,349	$1,995,347,017	$1,979,558,184	$1,957,425,179	1,943,578,926
Total Cash in the Treasury	253,377,980	246,025,468	252,617,648	253,291,761	245,574,580	242,103,768
Debt, less Cash	$1,765,491,717	$1,752,512,880	$1,742,729,369	$1,726,266,422	$1,711,850,598	$1,701,475,157
Cash balance available	156,369,534	143,901,663	155,147,338	154,038,281	145,031,850	141,441,876

* Continued at three and a half per cent.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from May No., page 884.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
NEW YORK	CITY......	Madison Square Bank....	....
	$200,000	Wm. Wetmore Cryder, *Pr.*	Francis M. Breeze, *Cas.*
ARK....	Little Rock....	Exchange Bank..........	Imp. & Tra. National Bank.
	$80,000	Wm. P. Homan, *Pr.*	J. S. Pollock, *Cas.*
CAL....	Sacramento....	California State Bank....	Amer. Exch. Nat'l Bank.
	$50,000	N. D. Rideout, *Pr.*	A. Abbott, *Cas.*
COL....	Denver	State National Bank.......	Imp. & Tra. National Bank.
	$120,000	George N. Wheeler, *Pr.*	Edward P. Wright, *Cas.*
"	.. Loveland......	Bank of Big Thompson.. (George W. Krouskop & Co.)	Fourth National Bank. ....
"	.. Pueblo	Barndollar Bros. & Rankin	S. V. White & Co.
DAKOTA	Minto..........	Forest River B'k (H. Amerland & Co.)	Chase Nat'l Bank.
"	.. Oriska.........	E. S. Parker............	....
ILL....	DeKalb........	DeKalb National Bank...	....
	$50,000	Horace P. Taylor, *Pr.*	Thomas A. Luney, *Cas.*
"	.. Mt. Olive	Mt. Olive B'k (C. J. Keiser)	Fourth Nat'l Bank, *St. Louis.*
"	.. Springfield	Farmers' National Bank..	Fourth National Bank.
	$150,000	Jonathan Merriam, *Pr.*	Edward D. Keys, *Cas.*
"	.. Sterling	Sterling National Bank...	....
	$50,000	Bradford C. Church, *Pr.*	Charles A. Reed, *Cas.*
"	.. Streator........	Streator National Bank...	Central National Bank.
	$80,000	Ralph Plumb, *Pr.*	W. H. Miller, *Cas.*
"	.. Table Grove...	Berry and Powell	....
IND	Attica.........	Durham, Rankin & Co...	....
"	.. Middletown....	Farmers' Bank...........	Winslow, Lanier & Co.
	$30,000	N. R. Elliott, *Pr.*	E. L. Elliott, *Cas.*
"	.. Valparaiso.....	First Nat'l Bank of Porter County.	....
	$100,000	DeForest L. Skinner, *Pr.*	Erasmus Ball, *Cas.*
"	.. Zionsville......	J. B. Ritzer..............	....
IOWA...	Bayard.......	Bank of Bayard..........	Hanover National Bank.
"	.. Conrad	Bank of Conrad (Kerr & Maulsby.)	Gilman Son & Co.
"	.. Garfield........	Carter Brothers..........	....
"	.. Hartley........	People's Bank (Patch & Shea.)	Union Trust Co., *Chicago.*
"	.. Menlo.........	Stults and Bike..........	....
"	.. Milo..........	Milo B'k (Nathan Schee).	....
"	.. Shenandoah ...	Shenandoah Nat'l Bank..	Kountze Brothers.
	$50,000	George Bogart, *Pr.*	H. F. Wilson, *Cas.*
"	.. Wall Lake.....	B'k of Wall Lake (Nelson Wright).	First Nat. B'k, *Chicago.*
KANSAS.	Caldwell.......	Caldwell Savings Bank...	Chase National Bank.
	$15,000	Jairns Edward Neal, *Pr.*	Titus Eugene Neal, *Cas.*
"	.. Council Grove.	Farmers' and Drovers' B'k	Donnell, Lawson & Simpson.
		Wm. Henry White, *Pr.*	W. H. Gildermister, *Cas.*
"	.. Great Bend....	Barton County B'k (J. F. Rogers.)	First National Bank.
"	.. Humboldt.....	P. B. Bowers............	....
"	.. Larned........	First National Bank......	Ninth National Bank.
	$30,000	Jacob W. Rush, *Pr.*	Frank A. Dewey, *Cas.*
"	.. Newton	Ark. Valley Land & Loan Co.	....
		Steven T. Marsh, *Pr.*	R. M. Spivey, *Cas.*
"	.. Sterling	Bank of Sterling.........	....
		J. P. Slatten, *Pr.*	P. Himrod, *Cas.*
"	.. Topeka........	Investment Banking Co..	Maryland Sav. Bank, *Balto.*
		John Guthrie, *Pr.*	Jacob N. Strickler, *Cas.*
"	.. Williamsburg..	J. W. Ohlson............	....
"	.. Wilson........	B'k of Wilson (Anspach & Youngman.)	

State	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
Ky	Carlisle	Farmers' Bank	....
		S. G. Rogers, *Pr.*	T. H. Peckeral, *Cas.*
"	Maysville	State National Bank	Importers and Traders' Nat'l Bk.
	$200,000	John T. Wilson, *Pr.*	Charles B. Pearce, *Cas.*
Mich	Flushing	First National Bank	....
	$50,000	Oscar F. Clarke, *Pr.*	George Packard, *Cas.*
"	Fremont Center	Webber, Hewitt & Co.	Ninth National Bank.
"	Harbor Springs	A. J. Southard	United States National Bank.
"	Ovid	DeCamp, Upton & Co.	Fourth National Bank.
"	Pewamo	Webber & Trask	Ninth National Bank.
Minn	Fairmont	Merchants' & Farmers' B'k	Bank of North America.
		(Percy, Wollaston & Son.)	....
"	Howard Lake	Brown & Lynch	....
"	Lu Verne	Rock County Bank	Kountze Brothers.
"	Waseca	People's Bank	Chase National Bank.
		George R. Buckman, *Pr.*	C. H. Smith, *Cas.*
Miss	Hazlehurst	Merchants & Planters' B'k.	....
		R. W. Millsaps, *Pr.*	Isaac N. Ellis, *Cas.*
Mont	Billings	Stebbins, Post & Mund	Donnell, Lawson & Simpson.
Neb	Beatrice	People's Bank	Kountze Brothers.
		John Ellis, *Pr.*	Andrew G. Collins, *Cas.*
"	Creighton	Knox County Bank	Chemical National Bank.
		George E. Cheney, *Pr.*	F. E. White, *Cas.*
"	David City	David City Bank	Amer. Exch. National Bank.
	$50,000	Benj. O. Perkins, *Pr.*	Wm. B. Thorpe, *Cas.*
"	DeWitt	William Lamb	....
"	Fairbury	Farmers & Merchants' B'k	(J. A. Buckstaff.)
"	Long Pine	Glover & Whittemore	....
"	Loup City	Sherman County Bank	Kountze Brothers.
"	Omaha	Nebraska National Bank.	Importers & Traders Nat'l B'k.
	$250,000	Samuel R. Johnson, *Pr.*	Henry W. Yates, *Cas.*
"	Shelton	Shelton Bank	Kountze Brothers.
		J. M. Coleman, *Pr.*	A. A. Leachey, *Cas.*
"	Wayne	Wayne Co. Bank (Brown Bros.)	Gilman, Son & Co.
N. Y.	Buffalo	German American Bank	Central National Bank.
		Henry Hellriegel, *Pr.*	Henry W. Burt, *Cas.*
"	Dundee	State Bank	Imp. & Tra. National Bank.
	$50,000	Andrew Harpending, *Pr.*	L. J. Wilkin, *Cas.*
"	Phelps	P. Mott	National Park Bank.
N. C.	Reidsville	Bank of Reidsville	Imp. and Tra. National Bank.
	$50,000	Andrew J. Boyd. *Pr.*	Robert M. Sloan, *Cas.*
Ohio	Georgetown	First National Bank	....
	$50,000	H. C. Loudon, *V. P.*	W. S. Whiteman, *Cas.*
Penn	Bethlehem	F. C. Mattes	Frank Smyth & Co., *Phila.*
"	Clarendon	Clarendon Bank	....
		J. B. Flesher, *Pr.*	W. B. Foster, *Cas.*
"	Conshohocken	Tradesmen's National B'k.	National Park Bank.
	$100,000	John Wood, *Pr.*	Wm. Henry Cresson, *Cas.*
"	Sellersville	Sellersville Nat'l Bank	....
	$55,000	Henry C. Moore, *Pr.*	Charles R. Althouse, *Cas.*
"	Titusville	Commercial Bank	....
	$50,000	John L. McKinney, *Pr.*	E. C. Hoag, *Cas.*
"	West Grove	Nat'l B'k of West Grove	....
	$50,000	Samuel K. Chambers, *Pr.*	Walter W. Brown, *Cas.*
"	Wolf Creek	Pine Grove Bank	Hatch & Foote.
		(Gealy Brothers).	
Tenn	Wartrace	B. F. Cleveland	John J. Cisco & Son.
Texas	Colorado	J. Riordan	....
"	Fort Worth	Traders' National Bank	....
	$125,000	W. J. Boaz, *Pr.*	—— *Cas.*
"	Gatesville	J. R. Saunders & Co.	....

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from May No., page 885.)

No	Name and Place.	President and Cashier.	Capital Authorized.
2662	National Bank of Commerce..... Cleveland, OHIO.	S. T. Everett, George A. Garretson	$250,000
2663	State National Bank............ Maysville, KY.	John T. Wilson, Charles B. Pearce.	200,000
2664	Second National Bank.......... Cincinnati, OHIO.	Benjamin Eggleston, W. S. Rowe.	200,000
2665	Nebraska National Bank........ Omaha, NEB.	Samuel R. Johnson, Henry Y. Yates.	250,000
2666	First National Bank............ Larned, KANSAS.	Jacob W. Rush, Frank A. Dewey.	30,000
2667	Sellersville National Bank....... Sellersville, PENN.	Henry C. Moore, Charles R. Althouse.	55,000
2668	Second National Bank........... New York City, N. Y.	John C. Eno, Oswin D. Roberts.	300,000
2669	National Bank of... .... West Grove, PENN.	Samuel K. Chambers, Walter W. Brown.	50,000
2670	First National Bank............ Chicago, ILL.	Samuel M. Nickerson, Lyman J. Gage.	2,000,000
2671	Tradesmen's National Bank..... Conshohocken, PENN.	John Wood, William Henry Cresson.	100,000
2672	First National Bank............. Portsmouth, N. H.	Ichabod Goodwin, Edward P. Kimball,	300,000
2673	Second National Bank........... Brownsville, PENN.	Joseph T. Rogers, Eli Crumrine.	56,000
2674	First National Bank............. Stillwater, MINN.	Louis Hospes, Frank A. Seymour.	100,000
2675	First National Bank............. Woodstock, ILL.	Edward A. Murphy, John J. Murphy.	50,000
2676	Third National Bank............ Bloomington, ILL.	John S. Roush, Thomas J. Bunn.	100,000
2677	Bismarck National Bank.... ... Bismarck, DAK.	James W. Raymond, William B. Bell.	50,000
2678	Third National Bank............ Dayton, OHIO.	William P. Huffman, Charles E. Drury.	300,000
2679	Shenandoah National Bank...... Shenandoah, IOWA.	William M. Whipple, H. F. Wilson.	50,000
2680	First National Bank............. Richmond, IND.	James E. Reeves, James F. Reeves.	200,000
2681	Streator National Bank.......... Streator, ILL.	Ralph Plumb, W. H. Miller.	80,000
2682	First National Bank............. New Haven, CONN.	Harmanus M. Welch, William Moulthrop.	200,000
2683	First National Bank............. York, NEB.	Richard Cullum Outcalt, Edwin Wesley Mosher.	50,000
2684	First National Bank............. Walnut, ILL.	Marion Knight, H. P. Peterson.	60,000
2685	First National Bank............. Barre, MASS.	Hiram Wadsworth, Frank A. Rich.	150,000
2686	First National Bank............. Gunnison, COL.	Lewis Cheney, Mark Coppinger.	50,000

No.	Name and Place.	President and Cashier.	Capital Authorized.
2687	First National Bank, Kendallville, IND.	John Mitchell, Jacob G. Waltman.	50,000
2688	Farmers' National Bank, Springfield, ILL.	Jonathan Merriam, Edward D. Keys.	150,000
2689	Traders' National Bank, Fort Worth, TEXAS.	W. J. Boaz, (No Cashier.)	125,000
2690	First National Bank, Cleveland, OHIO.	James Barnett, Henry S. Whittlesey.	300,000
2691	First National Bank, Salem, OHIO.	Furman Gee, Richard Pow.	100,000
2692	First National Bank, Evansville, IND.	Charles Viele, James H. Cutler.	100,co
2693	First National Bank, Youngstown, OHIO.	Robert McCurdy, William H. Baldwin.	100.000
2694	State National Bank, Denver, COL.	George N. Wheeler, Edward P. Wright.	120,000
2695	First National Bank, Davenport, IOWA.	James Thompson, John B. Fidlar.	100,000
2696	First National Bank, Centreville, IND.	Jesse Cates, John K. Jones.	50,000
2697	First National Bank, Scranton, PENN.	Joseph J. Albright, James A. Linen.	200,000
2698	First National Bank, Akron, OHIO.	Thomas W. Cornell, William McFarlin.	100,000
2699	First National Bank, Worcester, MASS.	Edward A. Goodnow, Albert H. Waite.	200,000
2700	First National Bank, Strasburg, PENN.	Joseph McClure, George W. Hensel, Jr.	80,000
2701	First National Bank, Fort Wayne, IND.	Oscar A. Simons, Lemuel R. Hartman.	300,000
2702	De Kalb National Bank, De Kalb, ILL.	Horace P. Taylor, Thomas A. Luney.	50,000
2703	First National Bank, Fremont, OHIO.	James W. Wilson, Anson H. Miller.	100,000
2704	First National Bank of Porter County, Valparaiso, IND.	De Forest L. Skinner, Erasmus Ball.	100,000
2705	First National Bank, Georgetown, OHIO.	H. C. Loudon, *V. P.* W. S. Whiteman.	50,000
2706	First National Bank, Crete, NEB.	John L. Tidball, John P. Clarey.	50,000
2707	(Not yet organized.)		
2708	First National Bank, Flushing, MICH.	Oscar F. Clarke, George Packard.	50,000
2709	Sterling National Bank, Sterling, ILL.	Bradford C. Church, Charles A. Reed.	50,000
2710	First National Bank, Marietta, PENN.	John Musser, Amos Bowman.	100,000

WHERE THERE ARE NO BANKS.—Civilization and banks are supposed to go hand in hand, but it is remarkable how many places in Great Britain's extensive empire are destitute of these institutions. There is no bank at Gibraltar, none in Heligoland, St. Helena, Lagos, the Gold Coast, Sierra Leone, or Gambia. Some nine or ten years ago an attempt was made to start a Bank of West Africa in Sierra Leone, but it failed. Bermuda is full of merchants, but it has no bank; neither has Tobago; neither has British Honduras. The Falkland Islands have no bank.

CHANGES OF PRESIDENT AND CASHIER.

(*Monthly List, continued from May No., page 882.*)

	Bank and Place.	*Elected.*	*In place of*
NEW YORK CITY	National City Bank	Percy R. Pyne, *Pr.*	Moses Taylor.*
CAL.	Bank of British Columbia, San Francisco.	Walter Powell, *Mgr.*	F. Townsend.
"	Pacific Bank, San Francisco	Louis Vesaria, *Cas.*	S. G. Murphy.
DAKOTA	Farmers and Merchants' Nat'l Bank, Valley City.	J. F. Appleton. *Cas.*	J. M. Burrell.
"	Bank of Watertown	B. C. Antonisen, *Cas.*	....
DEL.	Farmers' Bank, Georgetown	Wilbur F. Tunnell, *Cas.*	G. H. Wright.
GA.	Nat'l Bank of Augusta	Z. McCord, *Pr.*	W. E. Jackson.*
IND.	Merchants' Nat'l B'k, Evansville	P. W. Raleigh, *Cas.*	H. L. Meadows.*
"	First Nat'l Bank, Fort Wayne.	O. A. Simon, *Pr.*	J. D. Nuttman.
"	First Nat'l Bank, New Albany.	Edward H. Mann, *Cas.*	W. N. Mahon.
"	Ridgeville Bank, Ridgeville	Thomas Ward, *Pr.*	A. McKew.
		W. F. Studabaker, *A.C.*	....
IOWA	First National Bank, Davenport	James Thompson, *Pr.*	....
KANSAS.	Farmers' and Merchants' B'k, McPherson.	W. J. Bell, *Pr.*	....
		A. L. McWhirk, *Cas.*	W. J. Bell.
KY.	Merchants' Banking Co. Horse Cave.	H. F. Mustain, *Cas.*	W. M. Mustain.
"	Masonic Savings B'k, Louisville	J. H. Egelhoff, *Cas.*	W. Egelhoff.
MD.	National Marine Bank, Balt.	J. I. Middleton, *Pr.*	....
"	People's Bank, Baltimore	W. H. Brown, *Pr.*	....
MASS.	Nat'l Bank Republic, Boston	Charles A. Vialle, *Pr.*	A. Plumer.
"	International Trust Co.	John M. Graham, *Pr.*	W. T. Palmer.
"	Great Barrington Sav. Bank	Egbert Hollister, *Pr.*	R. N. Couch.
MICH.	Detroit Savings Bank, Detroit.	E. C. Bowman, *Cas.*	....
"	People's Savings Bank, "	S. B. Coleman, *A. C.*	....
MINN.	Waseca County Bank, Waseca.	P. C. Bailey, *Pr.*	G. W. Newell.
MO.	Bank of Holden, Holden	J. G. Cope, *Pr.*	I. Starkey.
		C. C. Tevis, *Cas.*	J. G. Cope.
"	B'k of Missouri, Kansas City	R. Gentry, *Pr.*	W. B. Sappington.
"	Kansas City Savings Assoc.	W. S. Woods, *Pr.*	A. H. Powell.
NEB.	Blue Springs Bank, Blue Springs.	Joel C. Williams, *Pr.*	J. E. Smith.
		G. H. Castle, *Cas.*	J. C. Williams.
N. H.	Union Five-Cents Sav. Bank, Exeter.	Charles Burley, *Pr.*	G. E. Lane.
N. J.	Hoboken Bank for Savings, Hoboken.	Bryan Smith, *Pr.*	....
		T. Butts, *V. P.*	B. Smith.
"	Hudson County Nat'l Bank, Jersey City.	Edward A. Graham, *Cas.*	D. W. Taylor.
"	Second Nat'l Bank, Jersey City.	James G. Hasking, *Cas.*	....
N. Y.	Albany Savings Bank, Albany.	H. H. Martin, *Pr.*	H. Pumpelly.
		Theodore Townsend, *Tr.*	H. H. Martin.
"	First National Bank, Franklinville.	H. Stilwell, *Pr.*	W. F. Weed.
		Thomas Case, *V. P.*	H. Stilwell.
"	Hudson City Savings Inst'n, Hudson.	Samuel R. Rainey, *Sec. and Tr.*	
"	Ithaca Savings Bank, Ithaca	Levi Kenney, *Tr.*	O. H. Gregory.
OHIO	Kenton Savings Bank, Kenton.	L. Merriman, *Pr.*	W. M. Chesney.
		James Watt, *Cas.*	S. Kraner.
"	Fairfield Co. Bank, Lancaster	Philip Rising, *Pr.*	H. J. Reinmund.
"	Hocking Valley National B'k, Lancaster.	Willis D. Kutz, *Cas.*	J. W. Faringer.

* Deceased.

	Bank and Place.	Elected.	In place of
OHIO..	First National Bank, Mt. Pleasant.	R. W. Chambers, *Pr*.... Isaac Thomas, *V. P*.....	J. H. Gill. R. W. Chambers.
" ..	Perry County Bank, New Lexington.	S. S. McDonald, *Cas*.....	J. M. Holmes.
" ..	First National Bank, Norwalk.	Theodore Williams, *Pr*.. Geo. M. Cleveland, *V.P*..	D. A. Baker.* ....
PENN...	Ashley Savings Bank, Ashley..	W. B. Mitchell, *Cas*.....	G. H. Flanagan.
" ..	People's Bank, Newport.......	John Bair, *Pr*........ ...	J. B. Singer.
"	Commercial Nat. B'k, Reading.	Adam Bard, *Pr*..........	J. T. Reber.
" ..	Third National Bank, Scranton.	William H. Peck, *Cas*....	N. H. Shafer.
" ..	People's Bank Uniontown......	F. C. Breckenridge, Cas.	M. H. Bowman.
" ..	West Branch National Bank. Williamsport.	Frederick E. Glenn, *Cas*.	W. S. Watson.
" ..	Farmers' National Bank, York.	E. P. Stair, *Cas*.........	H. Nes.
VT.....	National White River Bank, Bethel.	M. Sylvester, *Cas*........	F. P. Holden.
VA.....	Commercial Bank Lynchburgh.	John W. Daniel, *Pr*..... James F. Kinnier, *Cas*..	....
WIS....	Bank of Brodhead, Brodhead..	B. Broughton, *Cas*..... ..	E. Bowen.
" ..	First National Bank, Chippewa Falls.	L. C. Stanley, *Pr*........	A. K. Fletcher.
WYOM..	Wyoming National Bank. Laramie City.	M. Dawson, *Cas*.........	C. B. Root.

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from May No., page 804.)

NEW YORK CITY .... Second National Bank, No. 62; reorganized as No. 2668. Same officers and capital.

" " " .... Fidelity and Casualty Co.; removed to 179 Broadway.

" " " .... Metropolitan Trust Co.; removed to 17 Nassau Street.

" " " .... Alley & Dowd; special ($100,000) renewed to May 1, 1885.

" " " ...... Bound & Co.; admit Charles F. Bound and Nathan A. Chapman.

" " " .... Donald & Gordon; admit John Duffus Harris. Now Donald, Gordon & Co., 8 Broad Street.

" " " .... Earl & Dayton; admit G. H. Stayner, special ($100,000) to April 30, 1883.

" " " .... Fahnestock & Co.; renewed limited partnership to May 1, 1883. Gideon Fahnestock admitted.

" " " .... Glazier, Kohn & Co.; now Kohn, Popper & Co. I. Glazier retires.

" " " .... C. I. Hudson & Co.; dissolved. C. I. Hudson continues, same style, with A. H. De Forest. Henry N. Smith being special ($50,000) to April 30, 1885. R. R. Lear and T. H. Curtis form new firm with I. F. Mead, as I. F. Mead & Co.

" " " .... Jameson, Smith & Cotting; admit Franklin M. Jones.

" " " .... C. J. Osborn & Co.; new firm. C. J. Osborn, special ($500,000) to May 1, 1883.

" " " .... L. J. & C. H. Smith; dissolved.

" " " .... Tainter & Holt; admit G. D. L'Huilier.

" " " .... John S. Tilney & Co.; dissolved.

" " " .... Ward, Campbell & Co.; now Alexander Campbell & Co.

COL.	Gunnison	Miners' Exchange Bank; now First National Bank. Same management.
"	Poncho Springs	H. C. Hayden & Co. (Merchants & Miners' Bank); closed.
"	Salida	Bank of Salida; now owned by Hartzell Brothers.
"	Silverton	Heffron & Johnson; incorporated as San Juan County Bank. Henry G. Heffron, *Pr.* Edgar M. Johnson, *V. P.* John M. Gundry, *Cas.*
CONN	New Haven	First National Bank, No. 2; reorganized May 6, as No. 2682 $200,000. Same officers.
DAKOTA	Bismarck	Bank of Bismarck; now Bismarck National Bank. $50,000 Same officers.
"	Deadwood	Merchants' National Bank; surplus $36,000.
"	Watertown	Bank of Watertown (Johnson & Gesley); O. Gesley retires.
GA.	La Grange	F. A. Frost; deceased. No successor.
ILL.	Chicago	First National Bank, No. 8; reorganized as No. 2670. Same officers. $2,000,000.
"	"	A. O. Slaughter; now Gwynne & Day.
"	Aledo	Aledo Bank; now McKinney & Co. James McKinney, *Cas.* E. & L. C. Gilmore sold to John McKinney, Sr.
"	Blandinsville	McVey & Pancake; now Grigsly Bros. & Co.
"	Bloomington	Thos. J. Bunn & Co.; now Third National B'k. $100,000. John S. Roush, *Pr.* Thomas J. Bunn, *Cas.*
"	Grafton	Allen & Pinero; now William H. Allen.
"	Onarga	B. H. Durham; now Durham Bros.
"	Walnut	Walnut Bank; now First National Bank. Same Cashier and Correspondent.
"	Woodstock	First National Bank, No. 372; reorganized as No. 2675. Same officers and capital.
IND	Evansville	First National Bank, No. 28; reorganized as No. 2692. Same management.
"	Centreville	First National Bank, No. 37; reorganized as No. 2696. Same officers and capital.
"	Fort Wayne	First National Bank, No. 11; reorganized as No. 2701; Same officers and capital.
"	Indianapolis	Woollen, Webb & Co.; assigned to Franklin Landers.
"	Kendallville	First National Bank, No. 41; reorganized as No. 2687. Same management.
"	Richmond	First National Bank, No. 17; reorganized as No. 2680. Same officers and capital.
IOWA	Blairstown	B. W. Shreeves & Son; closed.
"	Davenport	First National Bank, No. 15; reorganized as No. 2695. James Thompson, *Pr.* Same Cashier and capital.
"	Holland	Bank of Holland (E. C. Rice & Co.); failed.
"	Lemars	Gateway City Bank; dissolved and discontinued.
"	Sanborn	Citizens' Bank; sold to O'Brien County Bank.
"	Sheldon	A. W. Sleeper & Bro.; now Union Bank. H. C. Lane, *Pr.* W. H. Sleeper, *Cas.*
"	Shenandoah	Page County Bank; now Shenandoah National Bank. George Bogart, *Pr.* Same Cashier.
KANSAS.	El Dorado	Ellet, Gardner & Frazier; now Ellet & Frazier.
"	Irving	Warden & Walker; now J. S. Walker, Jr.
"	Kingman	Gossard Brothers & Co.; succeeded by Bank of Kingman. G. H. Gossard, *Pr.* H. L. Strohm, *Cas.*
"	Larned	J. W. Rush & Co.; succeeded by First National Bank. J. W. Rush, *Pr.*
"	Lindsborg	Bank of Lindsborg (W. S. Birch); closed.
"	Logan	Bank of Logan; now Wiltrout & Reed.
"	Newton	Hoag & Doty; now E. H. Hoag, as Commercial Bank.
KY.	Greenville	Reno & Hay; now Bank of Greenville. M. C. Hay, *Pr.* Lewis Reno, *Cas.*
LA.	Shreveport	Levy & Bodenheimer; now Simon Levy, Jr.
MASS.	Barre	First National Bank, No. 96; reorganized as No. 2685. Same management and capital.
"	Boston	Pacific National Bank; in liquidation. Linus M. Price, Receiver.
"	Worcester	First National Bank, No. 79; reorganized as No. 2699. Same officers. $200,000.

MICH...	East Tawas.. Romeo......	Benjamin Richards; retired from banking for the present.
MINN...	Stillwater......	First National Bank, No. 1514; reorganized as No. 2674. $100,000. Same officers.
MO.....	Craig..........	Bilby & Heaton; now William H. Heaton.
„ ..	La Plata.......	La Plata Savings Bank; incorporated. $15,000. Same management.
NEB...	Blair.........	Washington County Bank, (Hungate & Crowell); now J. A. Hungate.
„ ..	Crete..........	Citizens' Bank; now First National Bank. $50,000. Same officers.
„ ..	Fairbury	Thomas Harbine; now Harbine Banking Co.
„ ..	Fairmont......	E. B. Branch & Co.; succeeded by C. S. Miller & Co.
„ ..	Lincoln........	State National Bank; surplus $65,000.
„ ..	York..........	Farmers and Merchants' Bank and York County Bank; both succeeded by First National Bank. R. C. Outcalt *Pr.*, E. W. Mosher, *Cas.*
N. H...	Portsmouth....	First National Bank, No. 19; reorganized as No. 2672. Same officers and capital.
N. Y...	Hudson.......	Fairfield & Skinner; Fairfield deceased. Skinner out of business.
„ ..	Silver Creek...	Carlos Ewell; closed and retired.
„ ..	Spencerport....	W. B. Rich; closed.
OHIO...	Cincinnati.....	Second National Bank, No. 32; reorganized as No. 2664. Same officers and capital.
„ ..	Akron.........	First National Bank, No. 27; reorganized as No. 2698. Same officers and capital.
„ ..	Bryan.........	Farmers' National Bank; surplus, June 5, $10,000.
„ ..	Cleveland......	First National Bank, No. 7; reorganized as No. 2690. Same officers and capital.
	„	Second National Bank, No. 13; reorganized as National Bank of Commerce, No. 2662. Same officers.
„ ..	Dayton.......	Second National Bank, No. 10; reorganized, May 4, as Third National Bank, No. 2678. Same officers and capital.
„ ..	Fremont.......	Bank of Fremont; closed.
„ ..	„	First National Bank, No. 5; reorganized as No. 2703. Same officers and capital.
„ ..	Salem.........	First National Bank, No. 43; reorganized as No. 2691. $100,000. Same officers.
„ ..	Youngstown...	First National Bank, No. 3; reorganized as 2693. $100,000. Same officers.
PENN...	Brownsville....	First National Bank, No. 135; reorganized as Second National Bank, No. 2673. Same officers.
„ ..	Hazleton......	Pardee & Markle; now Markle Brothers & Co.
„ ..	Lancaster......	Reed & Henderson; dissolved by death of J. K. Reed. Amos S. Henderson, continues.
„ ..	Marietta.......	First National Bank, No. 25; reorganized as No. 2710. John Musser, *Pr.* Same Cashier and capital.
„ ..	Scranton......	First National Bank, No. 77; reorganized as No. 2697. Same officers and capital.
„ ..	Strasburg.....	First National Bank, No. 42; reorganized as No. 2700. Same officers and capital.
„ ..	Washington...	Washington Savings Bank; closing. John Hall, Receiver.
TEXAS..	Austin........	German-American Bank (Forster & Co.); now Forster & Hanning.
„ ..	Cisco..........	Berry & Fleming; now J. R. Fleming & Co.
„ ..	Galveston......	Galveston Bank and Trust Co.; liquidated. Business continued by H. Rosenberg.
„ ..	Mexia.........	Prendergast, Smith & Co.; now Prendergast & Smith.
„ ..	San Saba......	T. W. Ward & Son; now T. W. Ward & Co.
„ ..	Victoria.......	Brownson & Co. and Eugene Sibley & Co. Consolidated as Brownson & Sibley.
W.TER.	Colfax.........	Jacob Hoover; now Hoover & Burke.
WIS....	Bloomington ..	Humphrey & Clark; now W. B. Clark.
„ ..	Madison.......	Park Savings Bank; closing.
„ ..	Manitowoc....	T. C. Shove; now T. C. Shove & Co.

NOTES ON THE MONEY MARKET.

NEW YORK, MAY 31, 1882.

Exchange on London at sixty days' sight, gold 4.86½.

One of the principal financial events of the month has been the shipment of large amounts of gold to Europe, a considerable portion of which has been reflected in the statements of the Bank of England. Our imports are increasing at an uncomfortable rate while our exports are diminishing, nor is there any hope of a change with respect to the latter until the harvesting of the new wheat crop. In about three weeks the harvesting of winter wheat will begin, at the end of which time an approximate estimate of this portion of the crop can be made. But the yield of spring wheat cannot be determined until the middle of August. The export of gold shows that there is no large demand for American securities abroad, which has fallen off no doubt from the shrinkage in values which has been going on very generally for nearly a year.

Business is beginning to feel the effects of high prices and the disorganization of labor. Production continues without much abatement, but sales are sluggish and the accumulation of many kinds of manufactured commodities is steadily increasing. To prevent this prices are receding, but such a state of things always produces disquietude. This shows itself in the higher rates asked for commercial paper. Although money is abundant, lenders seem disinclined to make loans on time except at higher rates than were asked early in the month and previously. No doubt this change of front on the part of money lenders is partly due to other causes. The bonds deposited for new bank circulation are less in amount than the bonds withdrawn, so that a contraction of the basis of bank circulation has set in. This is not large however, but it is not certain how large it may become, and this event, coupled with the foreign demand for gold, the decline in prices, and the near approach to the time when more money will be demanded to move the growing crops, accounts for the present condition of the money market.

These events also are just now powerfully affecting speculation in the way of checking it. The future is too uncertain to justify the formation of any extended plans. Prices tend downward, some of the trunk railroads are making unfavorable returns, but the entire aspect of things may be changed in a few weeks if large crops are assured. The accounts from all quarters where winter wheat is growing are exceedingly favorable, and if the weather should continue good the future outlook will ere long grow brighter.

The discussion of the bill for extending the charters of the banks by the House we have considered elsewhere. The passage of the bill by the Senate is not doubtful; but no one can fortell what will become of several amendments made to it. It is to be hoped that the subject will be settled at an early day.

The reports of the New York Clearing-house banks compare as follows:

1882	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus*
May 6 ..	$315,235,600	$65,741,100	$19,579,000	$302,679,000	$18,781,600	$9,650,350
" 13...	315,788,800	61,761,700	21,511,500	300,401,000	18,797,200	8,172,950
" 20...	360,466,900	58,726,900	22,192,600	299,069,100	18,720,200	6,152,225
" 27...	317,786,900	55,019,200	23,768,100	298,314,700	18,567,700	8,208,625

The Boston bank statement for the past four weeks is as follows:

1882.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation*
Apl. 29	$145,046,300	$5,683,100	$3,796,400	$87,353,100	$31,028,800
May 6	145,833,400	6,065,800	3,867,000	90,336,500	31,147,800
" 13	146,309,000	6,906,200	3,692,400	92,119,600	30,955,100
" 20	147,028,200	7,419,100	3,714,700	93,302,700	30,873,400
" 27	147,683,300	7,984,000	4,001,300	93,570,300	30,873,600

The Clearing-House exhibit of the Philadelphia banks is as annexed:

1882.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
Apl. 29	$75,081,262	$18,274,768	$66,779,807	$9,934,507
May 6	75,192,805	18,360,265	66,774,258	9,899,608
" 13	75,385,971	18,416,378	67,541,021	9,864,066
" 20	75,497,149	18,441,362	67,557,037	9,859,333
" 27	75,297,206	18,209,780	67,557,921	9,752,865

We append the usual quotations of leading stocks for the month:

QUOTATIONS:	*May 8.*	*May 15.*	*May 22.*	*May 31.*
U. S. 6s, 1881, Coup.	101¼	101⅜	101⅜	101⅛
U. S. 4½s, 1891, Coup.	115¾	115⅛	115½	115⅜
U. S. 4s, 1907, Coup.	121¼	121	120⅞	120¾
West. Union Tel. Co.	84½	84⅞	84⅜	82½
N. Y. C. & Hudson R.	127½	127⅛	127⅝	128
Lake Shore	102⅝	102¾	102⅞	103⅝
Chicago & Rock Island	129	129	128	129
New Jersey Central	70¾	71¾	72⅝	73¼
Del., Lack. & West.	121⅛	121⅝	121¼	120½
Delaware & Hudson	105¾	106⅛	104¼	104⅝
Reading	57	58½	57⅛	56⅛
North Western	129¼	130¼	130⅛	130¼
Pacific Mail	42⅝	43	42¼	42
Erie	36	36	35⅞	35⅝
Discounts	4½ @ 5	4 @ 5	4½ @ 5	4½ @ 5
Call Loans	2 @ 3	2½ @ 3	2 @ 3	2½ @ 3½
Bills on London	4.86½@4.89½	4.86¾@4.89¾	4.86½@4.89½	4.86½@4.89½
Treasury balances, coin	$88,158,967	$89,826,647	$88,357,302	$91,245,268
Do. do. cur.	$3,649,299	$3,984,540	$3,590,477	$4,484,767

DEATHS.

At NORWALK, Ohio, on March 16, aged seventy-one years, DANIEL E. BAKER, President of the First National Bank.

At BALTIMORE, on April 19th, HAMILTON H. CHASE, President of the People's Bank.

At NORWAY, Me., on March 3, aged seventy years, W. FROST 2d, President of the Norway National Bank.

At AUGUSTA, Ga., on May 15, aged sixty-six years, WILLIAM A. JACKSON, President of the National Bank of Augusta.

At NEW YORK CITY, on May 11, aged sixty-seven years, SYLVANRDE JOHNSON, a Director of the Adams National Bank of North Adams, Mass.

At EVANSVILLE, Indiana, on May 1, aged fifty-nine years, HARVEY L. MEADOWS, Cashier of the Merchants' National Bank.

At BALTIMORE, on April 12th, aged sixty-six years, B. A. VICKERS, President of the National Marine Bank.